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December 5, 2008

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PUBLIC UTILITIES
COMMISSION

FILED

The Honorable Chairman and Members of the
Hawaii Public Utilities Commission
Kekuanaoa Building, First Floor
465 South King Street
Honolulu, Hawaii 96813

Dear Commissioners:

Subject: Docket No. 2008-0083
HECO 2009 Test Year Rate Case
Rate Case Updates – Set #4

Enclosed is the fourth set of updates to Hawaiian Electric Company, Inc.'s ("HECO") 2009 test year estimates reflected in the Application, Direct Testimonies, Exhibits, and Workpapers filed with the Commission on July 3, 2008. This set includes updates to the following:

- HECO T-10 – Alan K.C. Hee
- HECO T-13 – Julie K. Price

Very truly yours,

Enclosure

cc: Division of Consumer Advocacy
Michael L. Brosch, Utilitech, Inc.
Joseph A. Herz, Sawvel & Associates, Inc.
Dr. Kay Davoodi, Department of Defense
Gayle B. Chestnut, Department of Defense
Ralph Smith, Larkin & Associates

RATE CASE UPDATE

Ref: Alan Hee, HECO T-10, Customer Service Expense, Demand-Side Management ("DSM") Programs, Customer Solutions Head Counts, and ECAC

Summary

The update for HECO T-10 consists of a number of adjustments related to the recent Hawaii Clean Energy Initiative ("HCEI") Agreement¹ and to the change in the test year sales estimate, which led to changes in the Company's generating and purchased energy economic dispatch. The updated test year Customer Service expense estimate is \$7,079,000, an increase of \$72,000 over direct testimony, as shown in the revised HECO-1001 on page 12. The identification of DSM and non-DSM portions of the Customer Service expense estimate is shown in the revised HECO-1002 on page 13. The updated expense estimate categorized by labor and non-labor components is shown in the revised HECO-1005 on page 14.

The adjustments related to the HCEI Agreement include:

1. The addition of a Director, Special Projects charged with the responsibility of developing the overall strategy to guide the Company's efforts to implement demand response programs identified in the HCEI Agreement to maintain system reliability as the amount of renewable energy increases. This results in an increase in the Customer Solutions process area headcount and is the only adjustment that results in a change in total test year Customer Service expense from direct testimony.
2. The addition of a Senior Rate Analyst and use of outside consultants who will be developing and implementing the additional work in the Pricing Division resulting from the HCEI Agreement. I support the need for the additional Senior Rate Analyst, the increase in the Customer Solutions process area headcount, and the increase in

¹ The HCEI Agreement was signed on October 20, 2008 by the Governor of the State of Hawaii, the Consumer Advocate, the State Department of Business, Economic Development and Tourism, and the Hawaiian Electric Companies.

non-labor outside services for pricing consultants for the decoupling docket (Docket No. 2008-0274) and other pricing initiatives. The increased labor (\$76,000) and non-labor expenses (\$80,000) are captured under NARUC accounts 920 and 921, respectively, and are included in Ms. Patsy Nanbu's HECO T-11 rate case update. Therefore, test year Customer Service expense is not impacted by this new position or the outside consultants.

3. The addition of a SolarSaver Pilot Program Manager who will administer the expansion of the program on Oahu from 100 solar water heating system installations per year to over 1,900 installations per year, which is HECO's share of the increase to 2,500 annual installations for all HECO Companies as called for by the HCEI Agreement. This is a new HECO regular employee in an incremental position funded through the DSM surcharge. Therefore, the Customer Solutions process area headcount is initially increased by one to reflect the addition of a regular HECO position, but the headcount is subsequently reduced by one because this position will be funded through the DSM surcharge and not through base rates. This is reflected in Faye Chiogioji's T-15 rate case update. There is no impact on total test year Customer Service expense as the result of this new position. However, the new position does result in the reallocation of some labor expenses within the Customer Service block of accounts and is discussed later in this update.
4. The addition of a Customer Service Department representative to address the increased workload resulting from the expansion of the SolarSaver Pilot Program as provided for in the HCEI Agreement. I support the need for the representative. As with the SSP Program Manager, this representative's expenses will also be recovered through the DSM surcharge. The increase and subsequent removal of this headcount are discussed in the rate case updates covered by Mr. Darren Yamamoto in

HECO T-9 and Ms. Faye Chiogioji in HECO T-15, respectively. The headcount and expense for the Customer Service block of accounts is not impacted by this new position.

There is only one adjustment in HECO T-10 related to changes in HECO's generating and purchased energy economic dispatch. As discussed later, the ECAF at present rates has been decreased to 7.102 cents/kwh. The ECAF at proposed rates remains at 0.000 cents/kwh.

Director, Special Projects

The Director, Special Projects is a new HECO regular employee position that reports to the Vice President, Customer Solutions, and is responsible for developing the overall strategy to guide the Company's demand response strategy among the different areas of the Company. The requirements and the deadlines included in the HCEI agreement increase the scope, intensity, and complexity of work related to demand response as compared to work identified prior to the agreement. The HCEI Agreement requires the utilities to explore the use of demand response as a mechanism to accommodate more renewable energy and to manage frequency fluctuations resulting from intermittent renewable resources connected to the grid, and provide a recommendation for such use to the Commission by December 31, 2009. The agreement also requires the utilities to allow demand response to provide a variety of ancillary services and encourage those demand-side ancillary services if they can be provided more precisely than supply-side resources.²

The implementation of effective demand response requires cross-functional and cross-departmental efforts. Demand response requires pricing, metering, enabling technologies such as thermostats and load control switches, identification of events requiring the activation of demand response, billing modifications and enhancements, event and data communications to internal departments, customers, and vendors, and program definition, assessment, evaluation, analysis,

² HCEI Agreement, Section 13, pages 23-24.

and reporting. For example, just as the development of the Dynamic Pricing Pilot Program required close coordinated efforts between the Energy Services, Customer Installation, and System Operation Departments, and the Customer Technology Applications and Forecast and Research Divisions on a smaller scale, the planning and implementation of additional full scale demand response programs will require similar coordination. The upcoming applications to renew the RDLC and CIDLC programs will benefit from the demand response coordinating efforts of the Director, Special Projects; especially as the Company moves closer to interim and full implementation of the Advanced Metering Infrastructure and the use of the FlexNet communications system. The RDLC and CIDLC programs currently rely on paging communications.

The Company has already filled the Director, Special Projects, position as of November 24, 2008 and that person has begun his planning efforts in the area of demand response. Attachment 1 is a copy of the Change in Personnel Status ("CPS") form. The test year Customer Service expense increases by \$72,000 as shown in the revised HECO-1006 (for account code 909 only) on page 15. Non-labor overhead expenses (\$27,000) have also been added to the appropriate NARUC accounts and are reflected in Ms. Patsy Nanbu's rate case rate case update for HECO T-11.

Senior Rate Analyst

The new Senior Rate Analyst is a new HECO regular employee position reporting to the Pricing Division Director. This Senior Rate Analyst is in addition to the Senior Rate Analyst position identified in HECO T-10.³ This Senior Rate Analyst will have the same responsibilities as the position identified in direct testimony; namely, to provide supplemental policy direction and rate initiative coordination, and when required, support rate case efforts as either a rate case

³ HECO T-10, page 9, line 2, to page 11, line13.

witness or as the person responsible for providing draft testimony, exhibits, workpapers, and IR responses.⁴

The new position is necessary to respond to the numerous rate initiatives resulting from the HCEI Agreement that cannot be addressed by the existing staff or by the Senior Rate Analyst identified in direct testimony due to the volume of work required. In direct testimony, the planned initiatives that the first Senior Rate Analyst would address included aggressive time-of-use rates, inclined block rates, dynamic program pricing, and green pricing. While these initiatives are identified in the HCEI Agreement, the following additional programs are also included (citations below refer to the HCEI Agreement):

- PV Host Program (Section 4, The Solar Opportunity, pages 11-13);
- Feed-in tariffs (Section 4, The Solar Opportunity, page 12; Section 7, Feed-In Tariffs, pages 16-17; and Section 19, Net Energy Metering, page 28);
- Revised net energy metering tariff (Section 4, The Solar Opportunity, page 12; and Section 19, Net Energy Metering, page 28);
- Time-of-use rates to encourage off-peak charging of electric vehicles (Section 10, Greening Transportation, pages 18-20);
- Interim time-of-use rates (Section 14, Advanced Metering Infrastructure, pages 24-25);
- Lifeline rates (Section 14, Advanced Metering Infrastructure, page 25; and Section 20, Lifeline Rates, page 29);
- Mandatory time-of-use rates (Section 15, Pricing Principles and Programs, pages 25-26);
- Revenue decoupling (Section 28, Decoupling from Sales, pages 32-33).

Many of these rate initiatives also have timelines, which means that the existing staff is limited in its ability to postpone work on some initiatives in order to complete others. Thus, the new Senior Rate Analyst position is directly related to the requirements of the HCEI Agreement.

Furthermore, the HCEI Agreement requires that the revenues of the utility be fully decoupled from sales/revenues beginning with the interim decision in the 2009 HECO Rate Case (most likely in the summer of 2009).⁵ On October 24, 2008, the Commission opened a

⁴ HECO T-10, page 59, lines 1-8.

⁵ HCEI Agreement, Section 28, page 33.

Decoupling Docket (Docket No. 2008-0274). In preparation for the proceeding, HECO has hired a consultant to help with development and testing of various decoupling/attrition mechanisms, selection of a preferred mechanism suitable to HECO's cost structure and operating environment, and providing testimonial support in the docket, which will most likely be scheduled in the first half of 2009. Consultants for other pricing initiatives, such as lifeline rates and mandatory time-of-use rates, will also be needed. Therefore, HECO estimates that the cost for the consultants will add \$200,000 in non-labor costs,⁶ of which 80% will be charged to HECO and 10% each will be billable to HELCO and MECO.⁷ HECO's share of the additional estimated outside services non-labor expense is \$160,000.

HECO recognizes that this expense is a one-time expense and proposes to amortize it over two years. The two-year amortization period is based on the assumed adoption of revenue decoupling ratemaking, and an initial two-year rate case cycle for HECO, which would assume a subsequent rate case in 2011, two years after this 2009 rate case. Subsequent rate case cycles after the planned HECO 2011 rate case would be every 3 or 4 years. The shorter initial period between HECO's 2009 and 2011 rate cases is designed to stagger the HECO, MECO, and HELCO rate cases that follow the 2009 rate cases for all HECO Companies so that the subsequent rate cases do not fall on the same year. The result of applying the two-year amortization period to the additional non-labor decoupling consultant cost is that the additional test year non-labor cost is equal to \$80,000.

Since the Pricing Division is in the Customer Solutions process area, the addition of this Senior Rate Analyst increases the Customer Solutions headcount by one. Approval to fill this position has been received and it is currently in recruitment. Attachment 2 is the Job Vacancy

⁶ The \$200,000 is an internal HECO estimate consisting of \$100,000 for the decoupling consultant, and \$100,000 for other consultants to assist with other pricing initiatives such as lifeline rates and mandatory time-of-use rates.

⁷ The allocation among the HECO Companies is based on 2006 Kwh sales which were: HECO (7,701 GWh, 76.1%), HELCO (1,149 GWh, 11.4%), and MECO (1,266 GWh, 12.5%). The percentages were rounded to 80/10/10 to simplify the allocation.

Notice ("JVN") posted for this position. It will also be posted in the Honolulu Advertiser on Sunday, December 7, 2008. HECO expects that the new position will be filled by January 2009. This new position does not impact the test year Customer Service expense estimate. The additional labor and non-labor charges are included by Ms. Nanbu in the rate case update to HECO T-11.

SolarSaver Pilot Program Manager

The SolarSaver Pilot Program Manager is a new HECO regular employee position that reports to the Director, Customer Efficiency Programs, and is responsible for overall administration of the expanded SolarSaver Pilot ("SSP") Program. The SSP Program provides residential customers with an opportunity to have a solar water heating system installed with no upfront cost. The customer pays for the solar water heating system through monthly payments via the electricity bill at payment levels that are designed to be lower than the savings resulting from the new installation. Thus, the participating customer receives positive cash flow. The solar water heating system installations are financed by ratepayers.

The HCEI Agreement expands the "pay as you save" program by an additional 2,500 solar water heating system installations statewide per year above the existing SSP Program⁸. The target number of annual statewide installations for the existing SSP Program is currently 200; thus, the program is envisioned to expand by 13.5 times⁹.

Of the 2,500 additional expanded SSP Program installations statewide, HECO estimates that 1,850 will be installed on Oahu. Therefore, the total number of annual Oahu installations, including the 100 installations under the existing SSP Program, is 1,950 per year. Each program participant, including program participants added in subsequent years, must be billed monthly for about 12 years after completion of installation.

⁸ HCEI Agreement, Section 4, page 11.

⁹ This figure is derived as:

$$\frac{(200 \text{ original SSP Program installations} + 2,500 \text{ expanded SSP Program installations})}{200 \text{ original SSP Program installations}} = 13.5$$

A Program Manager is required to oversee this expansion because of the tremendous growth expected; and complexity and number of entities involved in the full program (customer, landlord, Bureau of Conveyance, Title company, repair maintenance and/or warranty service provider, loan payment tracking by a third party, solar water heating contractors, and HECO's Customer Service Department and Land and Rights-of-Way Division). In order to ensure consistency and continuity for the program, use of contract employment is not an effective answer for this position. Therefore, the SSP Program Manager is a regular HECO position. Costs for this expansion, including the labor cost for the SSP Program Manager, are proposed to be recovered through the existing SolarSaver surcharge. As a result, the addition of this new position has no impact on total test year Customer Service expense.

HECO intends to begin expansion of the SSP Program by the end of 2008 by proposing program modifications under the existing docket (Docket No. 2006-0425, Hawaii's Solar Water Heating Pay As You Save Program). The proposed program modifications would be consistent with the provisions in the HCEI Agreement. Assuming that the Commission approves the program modifications within 45 days, HECO would fill the SolarSaver Pilot Program Manager position by the end of February 2009. HECO has already secured internal approval to fill this position and it is currently in the recruitment process. Attachment 3 is the JVN for this position (posted as Energy Efficiency Program Manager).

Since the labor and non-labor overhead costs associated with the addition of the new SSP Program Manager are proposed to be recovered through the SolarSaver Surcharge, there is no impact on total test year Customer Service expenses. However, there is a reallocation of labor costs among existing DSM programs as discussed below.

As shown in HECO's response to CA-IR-121, the RDLC Program Manager was slated to spend 452 hours during the test year to administer the SolarSaver Pilot Program. However, as stated above, the expanded program requires a full-time program manager. Therefore, the hours

that the RDLC Program Manager was to spend overseeing the SSP Program can now be shifted to the RDLC Program as HECO will be increasing its emphasis on enrolling central and split air conditioning households and in new efforts relating to the residential dynamic pricing program and new DSM initiatives to integrate more renewable energy sources on to HECO's grid. For the latter effort, the RDLC Program Manager will be working closely with the Director, Special Projects, on these demand response modifications and/or enhancements.

The impact of reallocating 452 hours away from the SSP Program and into the RDLC Program is shown on page 16. However, since both SSP and RDLC Program labor categories are direct labor, the expenses of which are already included in base rates, there is no impact on total test year Customer Service expense. The changes in RDLC labor and non-labor dollars are reflected in the revised HECO-1020 on page 17.

Customer Service Representative

The Customer Service Representative ("CSR") is a new HECO regular employee who is a billing clerk and is in the Customer Services Department. The duties of the CSR are related to the accurate billing and tracking of participants in the expanded SSP Program. Each new participant in the SSP Program requires a billing clerk to manually place the customer on the new SSP Program rider. In addition, for each SSP Program bill, and on an ongoing monthly basis for 12 years following the completion of installation, a CSR needs to:

- Check to make sure the electric account is still active;
- Match the SSP Program bill, which is printed on a separate page, with the electric bill;
- Remove the "hold" that is placed on the electric bill that ensures that the bill is not sent before it can be matched to the SSP Program bill;
- Once the electric and SSP Program bills are matched, the CSR then has to manually fold, stuff, and mail out the bills.

Just for the expanded SSP Program alone, not including the existing SSP Program, the CSR will have to process 1,850 monthly bills by the end of the first year, 3,700 monthly bills by the end of the second year, and so on. At an estimated 9 minutes per bill, processing 1,850 bills

each month will take 16,650 minutes per month, or 277.5 hours. There are only 176 working hours per month.

The above calculations assume manual processing of the SSP Program bills using HECO's existing billing system. HECO has been working with the new CIS software developers to automate the process as an add-on to the original scope. At this point in time, it is not clear if a software modification can be developed in a cost effective and timely manner. Nevertheless, HECO must be ready to comply with provisions of the HCEI Agreement that call for a dramatic increase in the SolarSaver Pilot Program participation and this necessitates a new CSR position while an automated solution is being assessed to determine its feasibility.

HECO is proposing to add the CSR in March 2009 after the assumed approval of the expanded SSP Program in February. HECO also proposes to recover incremental SSP Program costs, including the labor and non-labor overhead costs associated with the CSR through the existing SolarSaver Surcharge. Therefore, there is no impact on test year expenses from the addition of the new CSR position.

The position matrix for HECO's DSM Program has been updated to include the addition of the SolarSaver Pilot Program Manager and the CSR that will process SolarSaver Pilot Program billing. The updated matrix is shown in the revised HECO-1016 on page 18.

Customer Solutions Process Area Headcount

As a result of the HCEI Agreement, the Customer Solutions process area is adding three new positions that were not included in direct testimony: 1) Director, Special Projects, 2) Senior Rate Analyst, and 3) SolarSaver Pilot Program Manager. All three are regular HECO positions. However, the labor and non-labor overhead costs associated with the SolarSaver Pilot Program Manager will be recovered through the SolarSaver Surcharge. Therefore, the number of Customer Solutions Process Area positions increases by two over direct testimony to 50, as shown in the revised HECO-1027 on page 19.

Energy Cost Adjustment Clause

The updated sales estimates necessitated a new production simulation run to develop updated fuel and purchased energy estimates. Mr. Ross Sakuda and Mr. Dan Ching discuss the resulting fuel and purchased power expense estimates in their rate case updates to HECO T-4 and T-6, respectively. The updated ECAF's at present and proposed rates are shown in the revised HECO-1033 on page 20. Calculations for the ECAF at present rates are shown in the revised HECO-1036 on page 21. Calculations for the ECAF at proposed rates are shown in the revised HECO-1037 on pages 22-23.

The updated composite costs of generation for central station at present and proposed rates are shown in the revised HECO-1038 on page 24. A comparison of the composite costs of generation for central station at present rates between the original testimony and the rate case update is shown on page 25. A comparison of the composite costs of generation for central station at proposed rates between the original testimony and the rate case update is shown on page 26.

A comparison of the composite cost of purchased energy at present and proposed rates is shown on page 27. The weighted central station efficiency factor calculations have been updated and are shown in the revised HECO-1039 on page 28.

A comparison of the sales heat rates between the rate case update and direct testimony is shown on page 29.

Lastly, the revised HECO-WP-1036 is shown on pages 30-35, and the revised HECO-WP-1037 on pages 36-38.

Hawaiian Electric Company, Inc.

CUSTOMER SERVICE EXPENSE
Rate Case Update
(\$1000s)

<u>Line</u>			<u>A</u>	<u>B</u>	<u>C</u>
			2009 Test Year	2009 Test Year Update	Difference
1	909	Supervision	427	499	72
2	910	Customer Assistance	5,411	5,411	0
3	911	Informational Advertising	1,148	1,148	0
4	912	Miscellaneous Customer Service	21	21	0
5		TOTAL	7,007	7,079	72

Source

Column A: HECO-1002
Column B: Rate Case Update HECO-1005
Column C: Columns (B - A)

Hawaiian Electric Company, Inc.

CUSTOMER SERVICE EXPENSE
DSM vs. Non-DSM Expenses
Rate Case Update

(\$1000s)

<u>Line</u>			<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>
			<u>DSM *</u>	<u>NON DSM *</u>	<u>GL CODE</u>	<u>TEST YEAR UPDATE</u>
1	909	Supervision	180	456	(137)	499
2	910	Customer Assistance	2,259	4,558	(1,406) (1)	5,411
3	911	Informational Advertising		1,162	(14)	1,148
4	912	Miscellaneous Customer Service		21	0	21
5		TOTAL	2,439	6,197	(1,557)	7,079

SOURCE

Column A: 909: \$81K (HECO-1012) + \$99K Director of Special Projects (\$72K labor + \$27K overhead)
910: HECO-1012

Column B: 910 HECO-1026, line 27
911, 912: HECO WP-101(D), pgs. 424-426

Column C: 909: \$110K (HECO-WP-101(D) pg. 413) + \$27K (Rate Case Update HECO-1006) overhead of
Director of Special Projects
910: HECO-WP-101(D), pg. 414
911: HECO-WP-101(D), pg. 424
912: HECO-WP-101(D), pg. 426

Column D: Columns (A+B+C)

* Includes:

EE 406 corporate administration
EE 422 employee benefits
EE 423 payroll taxes

NOTE: (1) GL Code of (\$1,406,000) is net of initial GL Code amount of (\$1,599,000) and (\$193,000) of primarily DSM incremental on-costs (EE's 406, 422, 423). Rate Case adjustments related to the transfer of the (\$193,000) Expense Elements have been made directly to the end NARUC account.

HAWAIIAN ELECTRIC COMPANY, INC.

HECO-1005
DOCKET NO. 2008-0083
PAGE 1 OF 1

CUSTOMER SERVICE EXPENSE
TEST YEAR 2009 (\$1000s)
RATE CASE UPDATE

Line		<u>A</u> O&M EXPENSE BUDGET	<u>B</u> RATE CASE ADJ	<u>C</u> NORMALIZATION	<u>D</u> DIRECT	<u>E</u> UPDATE ADJ	<u>F</u> TEST YEAR UPDATE
	<u>909 SUPERVISION</u>						
1	LABOR	393			393	72	465
2	NON-LABOR	39	(5)		34		34
3	TOTAL ACCT. 909	432	(5)	0	427	72	499
	<u>910 CUSTOMER ASSISTANCE</u>						
4	LABOR	3,407	(434)		2,973		2,973
5	NON-LABOR	22,809	(20,244)	(127)	2,438		2,438
6	TOTAL ACCT. 910	26,216	(20,678)	(127)	5,411	0	5,411
	<u>911 INFORMATIONAL ADVERTISING</u>						
7	LABOR	32			32		32
8	NON-LABOR	1,116			1,116		1,116
9	TOTAL ACCT. 911	1,148	0	0	1,148	0	1,148
	<u>912 MISC. CUSTOMER SERVICE</u>						
10	LABOR	0			0		0
11	NON-LABOR	21			21		21
12	TOTAL ACCT. 912	21	0	0	21	0	21
13	TOTAL CUSTOMER SERVICE	27,817	(20,683)	(127)	7,007	72	7,079
	<u>RECAP:</u>						
14	LABOR	3,832	(434)	0	3,398	72	3,470
15	NON-LABOR	23,985	(20,249)	(127)	3,609	0	3,609
16	TOTAL	27,817	(20,683)	(127)	7,007	72	7,079

SOURCE

Column A: HECO-WP-101(B), pgs. 11-12. excludes EE 406, 422, 423
Column B: HECO-1006
Column C: HECO-1009
Column D: Columns (A+B+C)
Column E: Rate Case Update HECO -1001
Column F: Columns (D+E)

Hawaiian Electric Company, Inc.

CUSTOMER SERVICE EXPENSE
Summary of Director, Special Projects Adjustments
(\$1000s)
RATE CASE UPDATE

<u>Line</u>		(A) <u>Additional</u> <u>Labor/OH</u>	(B) <u>G/L Code</u> <u>Transfer</u>	(C) <u>Net Impact</u>
	ACCT. 909			
	Labor			
1	Add Dir. Special Projects	72		72
	Non-Labor:			
2	Overhead	27		
3	GL Code		-27	
4	Net Impact			0
5	Total Adjustment - Account 909	<u>99</u>	<u>-27</u>	<u>72</u>

Hawaiian Electric Company, Inc.

BASE PROGRAM EXPENSES
(\$1,000s)
RATE CASE UPDATE

DIRECT TESTIMONY

<u>Line</u>		<u>RDLC</u>	<u>SSP</u>	<u>TOTAL</u>
1	LABOR	75	27	102
2	NON-LABOR	583	12	595
3	TOTAL	658	39	697

2009 TEST YEAR UPDATE

		<u>RDLC</u>	<u>SSP</u>	<u>TOTAL</u>
4	LABOR	93	9	102
5	NON-LABOR	591	4	595
6	TOTAL	684	13	697

DIFFERENCE UPDATE - DIRECT

		<u>RDLC</u>	<u>SSP</u>	<u>TOTAL</u>
7	LABOR	18	-18	0
8	NON-LABOR	8	-8	0
9	TOTAL	26	-26	0

Hawaiian Electric Company, Inc.

RESIDENTIAL DIRECT LOAD CONTROL PROGRAM
BASE PROGRAM EXPENSES
2009 TEST YEAR
(\$1,000s)
RATE CASE UPDATE

<u>Line</u>		<u>Direct Testimony</u>	<u>2009 Test Year Update Base</u>	<u>Variance</u>
1	LABOR	75	93	18
2	NON-LABOR (See below)	583	591	8
3	TOTAL	658	684	26
4	<u>NON-LABOR DETAILS</u>			
5	NON-LABOR OVERHEADS	33	41	8
6	TRACKING & EVALUATION	111	111	0
7	ADVERTISING	424	424	0
8	TRAINING & MISC.	15	15	0
9	TOTAL NON-LABOR	583	591	8

Hawaiian Electric Company, Inc.

Position Matrix -- DSM Program Positions

RATE CASE UPDATE

Base Rates	Incremental
ESD CEP Division (5) Director PM, RDLC PM, CIDLC LM Engineer Clerk <=====	ESD CEP Division (7) CEP Analyst C&I Engineer PM, Residential PM, Commercial CEP Analyst CEP Analyst (a) PM, SS Program* Cust. Svcs Division (1) CS Representative*
Customer Technology Applications (2) Sr Technical Svc Engr Sr Technical Svc Engr (b)	

Notes:

- CEP Analyst position to be transferred into base.
- Senior Technical Engineer to be transferred out of the CTA Division into the Pricing Division as a Senior Rate Analyst.

Excludes contract employees.

* Positions added in Rate Case Update.

Customer Solutions Employee Count
Major NARUC Labor Charges (to Customer Service Expenses)
(Excludes Incremental DSM Program Employees)

RATE CASE UPDATE

	Primary NARUC Codings	2007 Recorded Yr-End	2007 Rate Case	March 31, 2008 Recorded	2008 Budget	2009 Rate Case Direct Testimony	2009 Rate Case Update
Cust. Technology Applications Division	910	9	10	9	9	9	9
Forecasts & Research Division	910,920	10	10	10	10	10	10
Marketing Services Division	910	11	12	11	12	12	12
VP - Customer Solutions' Office	909	2	2	2	2	2	3
ESD - reg employees		18	19	19	19	20	22
Less: DSM increm		-6	-6	-6	-6	-5	-6
Energy Services	909, 910, 920	12	13	13	13	15	16
--- Admin.	909, 910	3	3	3	3	3	3
--- Pricing	920	5	5	5	5	6	7
--- Cust. Eff. Prgm.	910	4	5	5	5	6	6
TOTAL CUSSOL		44	47	45	46	48	50

Hawaiian Electric Company, Inc.
**Comparison of
2009 Test Year Energy Cost Adjustment Factors
Rate Case Update and Direct Testimony**

Rate Case Update

(¢/kwh)

Present Rates		
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<u>Rate Case Update</u>	<u>Direct Testimony</u>	<u>Difference</u>
7.102	7.221	-0.119

Proposed Rates		
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<u>Rate Case Update</u>	<u>Direct Testimony</u>	<u>Difference</u>
0.000	0.000	0.000

Hawaiian Electric Company, Inc.
ENERGY COST ADJUSTMENT FILING
Present Rates
2009 RATE CASE UPDATE

Line		2009 Test Year - Rate Case Update	Line		
1	Effective Date				
2	Supercedes Factor				
GENERATION COMPONENT			PURCHASED ENERGY COMPONENT		
FUEL PRICES, ¢/MBTU			PURCHASED ENERGY PRICE - ¢/KWH		
3	Honolulu	1,652.16	39	THC	- On Peak 19.826
4	Kahe	1,602.06	40		- Off Peak 15.088
5	Waiau-Steam	1,602.06	41	HRRV	- On Peak 16.672
6	Waiau-Waste	0.00	42		- Off Peak 12.716
7	Waiau-Diesel	2,366.04	43	HRRV	- On Peak (excess) 0.000
8	CIP-Diesel	2,402.08	44		- Off Peak (excess) 12.716
9	CIP-Biodiesel	4,602.67	45	Chevron	- On Peak 19.826
			46		- Off Peak 15.088
	BTU MIX, %		47	Hoku Solar	19.000
10	Honolulu	3.82	48	Kalaeloa	14.995
11	Kahe	70.28	49	AES-HI	2.873
12	Waiau-Steam	24.74			
13	Waiau-Waste	0.00			
14	Waiau-Diesel	0.41			
15	CIP-Diesel	0.70			
16	CIP-Biodiesel	0.05			
		100.00			
17	COMPOSITE COST OF GENERATION, ¢/MBTU	1,614.21	50	THC	- On Peak 0.07
18	% Input to system kWh Mix	57.57	51		- Off Peak 0.05
19	Efficiency Factor, Mbtu/kWh	0.011140	52	HRRV	- On Peak 5.79
20	WEIGHTED COMPOSITE GEN COST, ¢/KWH (Line 17 x 18 x 19)	10.35241	53		- Off Peak 2.61
			54	HRRV	- On Peak (excess) 0.00
21	BASE GENERATION COST, ¢/Mbtu	869.64	55		- Off Peak (excess) 1.52
22	Base % Input to System kWh Mix	58.41	56	Chevron	- On Peak 0.01
23	Efficiency Factor, Mbtu/kWh	0.011140	57		- Off Peak 0.01
24	WEIGHTED BASE GEN COST, ¢/KWH (Line 21 x 22 x 23)	5.65864	58	Hoku Solar	0.01
			59	Kalaeloa	44.08
25	Cost Less Base (Line 20 - 24)	4.69377	60	AES-HI	45.85
26	Revenue Tax Req Multiplier	1.0975			
27	GENERATION FACTOR, ¢/KWH (Line 25 x 26)	5.15141			
DG ENERGY COMPONENT			61	COMPOSITE COST OF PURCHASED ENERGY, ¢/KWH	9.444
28	COMPOSITE COST OF DG ENERGY, ¢/kWh	24.993	62	% Input to System kWh Mix	42.38
29	% Input to System kWh Mix	0.05	63	WTD CMP PURCH ENERGY COST, ¢/KWH (Line x 61)	4.00237
30	WTD COMP DG ENRGY COST, ¢/KWH (Line 28 x 29)	0.01250			
31	BASE DG ENERGY COMP COST	14.076	64	BASE PURCH ENERGY COMP COST	5.568
32	Base % Input to System kWh Mix	0.09	65	Base % Input to System kWh Mix	41.50
33	WTD BASE DG ENERGY COST, ¢/KWH (Line 31 x 32)	0.01267	66	WTD BASE PRCH ENERGY COST, ¢/KWH (Line 64 x 65)	2.31072
34	Cost Less Base (Line 30 - 33)	(0.00017)			
35	Loss Factor	1.051			
36	Revenue Tax Req Multiplier	1.0975			
37	DG FACTOR, ¢/KWH (Line 34 x 35 x 36)	(0.00020)	67	Cost Less Base (Line 63 - 66)	1.69165
			68	Loss Factor	1.051
			69	Revenue Tax Req Multiplier	1.0975
38	TOTAL GENERATION FACTOR ¢/KWH (Line 27 x 37)	5.15121	70	PURCHASED ENERGY FACTOR, ¢/KWH (Line 67 x 68 x 69)	1.95127
SYSTEM COMPOSITE					
71	Total Generation and Purchased Energy Factor, ¢/kWh (Line 38 + 70)	7.10248			
72	Adjustment, ¢/kWh	0.000			
73	ECA Reconciliation Adjustment, ¢/kWh	0.000			
74	ENERGY COST ADJUSTMENT FACTOR, ¢/KWH (Line 71 + 72 + 73)	7.102			

Reference: Rate Case Update HECO-WP-1036

HAWAIIAN ELECTRIC COMPANY, INC
ENERGY COST ADJUSTMENT (ECA) FILING
Proposed Rates
RATE CASE UPDATE

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ENERGY COST ADJUSTMENT (ECA) FILING - 2009 Test Year - Rate Case Update (page 1 of 2)

Line
1 Effective Date 2009 Test Year - Rate Case Update
2 Supersedes Factors of

GENERATION COMPONENT

CENTRAL STATION

FUEL PRICES, \$/mmbtu

3 Honolulu	1,652.16
4 Kahe	1,602.35
5 Waiau-Steam	1,602.06
6 Waiau-Diesel	2,366.04
7 CIP-Diesel	2,402.08
8 CIP-Biodiesel	4,602.67
9 Other	0.00

BTU MIX, %

10 Honolulu	3.82
11 Kahe	70.28
12 Waiau-Steam	24.74
13 Waiau-Diesel	0.41
14 CIP-Diesel	0.70
15 CIP-Biodiesel	0.05
16 Other	0.00
	<u>100.00</u>

DG ENERGY COMPONENT

32 COMPOSITE COST OF DG	
ENERGY, \$/kWh	24.993
33 % Input to System kWh Mix	0.05
34 WTD COMP DG ENRGY COST,	
\$/kWh (Lines 32 x 33)	0.01250
35 BASE DG ENERGY COMP COST	24.993
36 Base % Input to System kWh Mix	0.05
37 WTD BASE DG ENERGY COST,	
\$/kWh (Line 35 x 36)	0.01250
38 Cost Less Base (Line 34 - 37)	0.00000
39 Loss Factor	1.052
40 Revenue Tax Req Multiplier	1.0975
41 DG FACTOR,	
\$/kWh (Line 38 x 39 x 40)	0.00000

17 COMPOSITE COST OF GENERATION,	
CNTRL STN + OTHER \$/mmbtu	1,614.41
18 % Input to System kWh Mix	57.57

EFFICIENCY FACTOR, mmbtu/kWh

	(A)	(B)	(C)	(D)
			Percent of	
			Centrl Stn +	
			Other	
				Weighted
				Eff Factor
Fuel Type		Eff Factor		
		mmbtu/kWh		
19 LSFO	0.011096		99.46	0.011036
20 Diesel	0.024709		0.51	0.000125
21 Biodiesel	0.017122		0.03	0.000005
22 Other	0.011166		0.00	0.000000

(Lines 19 through 22): Col(B) x Col(C) = Col(D)

23 Weighted Efficiency Factor, mmbtu/kWh	
[(lines 19(D) + 20(D) + 21(D) + 22(D))]	0.011166

24 WGTD. COMPOSITE CNTRL STN +	
OTHER GEN COST, \$/kWh	
(lines (17x18x23))	10.37786

25 BASE CNTRL STN + OTHER GEN. COST,	
\$/mmbtu	1,614.41

26 Base % Input to Sys kWh Mix	57.57
--------------------------------	-------

27 Efficiency Factor, mmbtu/kWh	0.011166
---------------------------------	----------

28 WEIGHTED BASE CNTRL STN + OTHER	
GEN COST \$/kWh	
(lines (25x26x27))	10.37786

29 COST LESS BASE (line(24-28))	0.00000
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30 Revenue Tax Req Multiplier	1.0975
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31 CNTRL STN + OTHER	
GENERATION FACTOR,	
\$/kWh (line (29x30))	0.00000

SUMMARY OF

TOTAL GENERATION FACTOR, \$/kWh

42 Cntrl Stn+Other (line 31)	0.00000
43 DG (line 41)	0.00000
44 TOTAL GENERATION FACTOR,	
\$/kWh (lines 42 + 43)	0.00000

HAWAIIAN ELECTRIC COMPANY, INC
ENERGY COST ADJUSTMENT (ECA) FILING
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ENERGY COST ADJUSTMENT (ECA) FILING - 2009 Test Year - Rate Case Update (page 2 of 2)

Line **PURCHASED ENERGY COMPONENT**

PURCHASED ENERGY PRICE, ¢/kWh			
45	THC	- On Peak	19.826
46		- Off Peak	15.088
47	HRRV	- On Peak	16.672
48		- Off Peak	12.716
49	HRRV	- On Peak (excess)	0.000
50		- Off Peak (excess)	12.716
51	Chevron	- On Peak	19.826
52		- Off Peak	15.088
53	Hoku Solar		19.000
54	Kalaeloa		14.995
55	AES-HI		2.873

PURCHASED ENERGY KWH MIX, %			
56	THC	- On Peak	0.07
57		- Off Peak	0.05
58	HRRV	- On Peak	5.79
59		- Off Peak	2.61
60	HRRV	- On Peak (excess)	0.00
61		- Off Peak (excess)	1.52
62	Chevron	- On Peak	0.01
63		- Off Peak	0.01
64	Hoku Solar		0.01
65	Kalaeloa		44.08
66	AES-HI		45.85
			<u>100.00</u>

67	COMPOSITE COST OF PURCHASED ENERGY, ¢/kWh			9.444
68	% Input to System kWh Mix			42.38
69	WEIGHTED COMP. PURCH. ENERGY COST, ¢/kWh (lines (67x68))			4.00237
70	BASE PURCHASED ENERGY COMPOSITE COST, ¢/kWh			9.444
71	Base % Input to Sys kWh Mix			42.38
72	WEIGHTED BASE PURCH ENERGY COST, ¢/kWh (lines (70 x 71))			4.00237
73	COST LESS BASE(lines (69 - 72))			0.00000
74	Loss Factor			1.052
75	Revenue Tax Req Multiplier			1.0975
76	PURCHSD ENERGY FCTR, ¢/kWh (lines (73 x 74 x 75))			0.00000

Line **SYSTEM COMPOSITE**

77	GEN AND PURCHASED ENERGY FACTOR, ¢/kWh (lines (44 + 76))			0.00000
78	Adjustment, ¢/kWh			0.000
79	ECA Reconciliation Adjustment			0.000
80	ECA FACTOR, ¢/kWh (lines (77 + 78 + 79))			0.000

References: Rate Case Update HECO-WP-1036
Rate Case Update HECO-WP-1037

HAWAIIAN ELECTRIC COMPANY, INC.
Comparison of
Composite Cost of Generation - Central Station
At Present Rates and Proposed Rates

2009 Test Year - Rate Case Update

<u>Line</u>		(A)	(B)	(C)
		At Present Rates	At Proposed Rates	Difference (B) - (A)
	<u>FUEL PRICES, ¢/mmbtu</u>			
1	Kahe	1,602.06	1,602.35	0.29
2	Waiau-Steam	1,602.06	1,602.06	0.00
3	Honolulu	1,652.16	1,652.16	0.00
4	Waiau-Diesel	2,366.04	2,366.04	0.00
5	CIP-Diesel	2,402.08	2,402.08	0.00
6	CIP-Biodiesel	4,602.67	4,602.67	0.00
7	Other	0.00	0.00	0.00
	<u>BTU MIX, %</u>			
8	Kahe	70.28	70.28	0.00
9	Waiau-Steam	24.74	24.74	0.00
10	Honolulu	3.82	3.82	0.00
11	Waiau-Diesel	0.41	0.41	0.00
12	CIP-Diesel	0.70	0.70	0.00
13	CIP-Biodiesel	0.05	0.05	0.00
14	Other	0.00	0.00	0.00
		<u>100.00</u>	<u>100.00</u>	<u>0.00</u>
15	COMPOSITE COST OF GENERATION ¢/mmbtu	<u>1,614.21</u>	<u>1,614.41</u>	<u>0.20</u>

Source:

Col (A): Rate Case Update HECO-WP-1036, pg. 4

Col (B): Rate Case Update HECO-WP-1037, pg. 1

HAWAIIAN ELECTRIC COMPANY, INC.
Comparison of
Composite Cost of Generation - Central Station and DG
Rate Case Update and Direct Testimony

2009 Test Year - Rate Case Update
At Present Rates

<u>Line</u>	(A) Rate Case Update at Present Rates	(B) Direct Testimony at Present Rates	(C) Difference (A) - (B)
<u>CENTRAL STATION</u>			
	<u>FUEL PRICES, ¢/mmbtu</u>		
1 Kahe	1,602.06	1,602.06	0.00
2 Waiau-Steam	1,602.06	1,602.06	0.00
3 Honolulu	1,652.16	1,652.16	0.00
4 Waiau-Diesel	2,366.04	2,366.04	0.00
5 CIP-Diesel	2,402.08	2,402.08	0.00
6 CIP-Biodiesel	4,602.67	4,643.68	-41.01
	<u>BTU MIX, %</u>		
7 Kahe	70.28	69.33	0.95
8 Waiau	24.74	25.12	-0.38
9 Honolulu	3.82	4.03	-0.21
10 Waiau-Diesel	0.41	0.57	-0.16
11 CIP-Diesel	0.70	0.88	-0.18
12 CIP-Biodiesel	0.05	0.07	-0.02
	<u>100.00</u>	<u>100.00</u>	<u>0.00</u>
13 COMPOSITE COST OF GENERATION - CENTRAL STATION ¢/mmbtu	<u>1,614.21</u>	<u>1,617.60</u>	<u>-3.39</u>
<u>DG</u>			
	<u>FUEL PRICE, ¢/kwh</u>		
14 COMPOSITE COST OF DG ENERGY ¢/kwh	<u>24.993</u>	<u>24.993</u>	<u>0.000</u>

Source:

Col (A): Rate Case Update HECO-WP-1036 pg. 4 and HECO-WP-1036 pg.5.

Col (B): Direct Testimony HECO-WP-1037 pg. 1 and HECO-WP-1036 pg.5.

HAWAIIAN ELECTRIC COMPANY, INC.
Comparison of
Composite Cost of Generation - Central Station and DG
Rate Case Update and Direct Testimony

2009 Test Year - Rate Case Update
At Proposed Rates

Line	(A) Rate Case Update at Proposed Rates	(B) Direct Testimony at Proposed Rates	(C) Difference (A) - (B)
<u>CENTRAL STATION</u>			
<u>FUEL PRICES, \$/mmbtu</u>			
1 Kahe	1,602.35	1,602.36	-0.01
2 Waiau-Steam	1,602.06	1,602.06	0.00
3 Honolulu	1,652.16	1,652.16	0.00
4 Waiau - Diesel	2,366.04	2,366.04	0.00
5 CIP-Diesel	2,402.08	2,402.08	0.00
6 CIP-Biodiesel	4,602.67	4,643.68	-41.01
7 Other	0.00	0.00	0.00
<u>BTU MIX, %</u>			
8 Kahe	70.28	69.33	0.95
9 Waiau-Steam	24.74	25.12	-0.38
10 Honolulu	3.82	4.03	-0.21
11 Waiau-Diesel	0.41	0.57	-0.16
12 CIP-Diesel	0.70	0.88	-0.18
13 CIP-Biodiesel	0.05	0.07	-0.02
14 Other	0.00	0.00	0.00
	<u>100.00</u>	<u>100.00</u>	<u>0.00</u>
15 COMPOSITE COST OF GENERATION - CENTRAL STATION \$/mmbtu	<u>1,614.41</u>	<u>1,617.81</u>	<u>-3.40</u>
<u>DG</u>			
<u>FUEL PRICE, \$/kwh</u>			
16 COMPOSITE COST OF DG ENERGY \$/kwh	<u>24.993</u>	<u>24.993</u>	<u>0.000</u>

Source:

Col (A): Rate Case Update HECO-WP-1037, pg. 1 and HECO-WP-1036 pg.5.

Col (B): Direct Testimony HECO-WP-1037, pg. 1 and HECO-WP-1036 pg.5.

HAWAIIAN ELECTRIC COMPANY, INC.
Comparison of
Composite Cost of Purchased Energy
Rate Case Update and Direct Testimony

2009 Test Year - Rate Case Update
At Present and Proposed Rates

<u>Line</u>	<u>(A) Rate Case Update</u>	<u>(B) Direct Testimony</u>	<u>(C) Difference (A) - (B)</u>
<u>PAYMENT RATE, ¢/kwh</u>			
1 Kalaeloa	14.995	14.992	0.003
2 AES	2.873	2.869	0.004
3 HPower - On Peak	16.672	17.132	(0.460)
4 HPower - Off Peak	12.716	12.642	0.074
5 HPower - On Peak-excess	0.000	0.000	0.000
6 HPower - Off Peak-excess	12.716	12.642	0.074
7 Tesoro - On Peak	19.826	20.440	(0.614)
8 Tesoro - Off Peak	15.088	14.990	0.098
9 Chevron - On Peak	19.826	20.440	(0.614)
10 Chevron - Off Peak	15.088	14.990	0.098
11 Hoku Solar	19.000	19.000	0.000
<u>KWH MIX, %</u>			
12 Kalaeloa	44.08	44.25	(0.17)
13 AES	45.85	45.72	0.13
14 HPower - On Peak	5.79	5.76	0.03
15 HPower - Off Peak	2.61	2.60	0.01
16 HPower - On Peak-excess	0.00	0.00	0.00
17 HPower - Off Peak-excess	1.52	1.52	0.00
18 Tesoro - On Peak	0.07	0.07	0.00
19 Tesoro - Off Peak	0.05	0.05	0.00
20 Chevron - On Peak	0.01	0.01	0.00
21 Chevron - Off Peak	0.01	0.01	0.00
22 Hoku Solar	0.01	0.01	0.00
	<u>100.00</u>	<u>100.00</u>	<u>0.00</u>
22 COMPOSITE COST OF PURCHASED ENERGY, ¢/kwh	<u>9.444</u>	<u>9.481</u>	<u>-0.037</u>

Source:

Col (A): Rate Case Update HECO-WP-1036, pg. 6.

Col (B): Direct Testimony HECO-WP-1036, pg. 6.

**Hawaiian Electric Company, Inc.
WEIGHTED EFFICIENCY FACTOR CALCULATIONS
CENTRAL STATION AND OTHER**

2009 Test Year - Rate Case Update

At Proposed Rates

	<u>LSFO</u>	<u>Diesel</u>	<u>Biodiesel</u>	<u>Other</u>	<u>Total</u>	<u>units</u>
1 Fixed Efficiency Factor	0.011096	0.024709	0.017122	0.011166		mbtu/kwh
2 Gen Mwh %	99.46	0.51	0.03	0.00	100.00	%
3 Weighted Efficiency Factor (line 1 x line 2)	0.011036	0.000125	0.000005	0.000000	0.011166	mbtu/kwh

Reference:

- 1 Rate Case Update HECO-WP-1037, pg. 2.
- 2 Rate Case Update HECO-WP-1036, pg. 3, Col C.

Hawaiian Electric Company, Inc.

**Comparison of Sales Heat Rates
Rate Case Update and Direct Testimony**

(btu/kwh sales)

	<u>Rate Case Update 1</u>	<u>Direct Testimony 2</u>	<u>Difference</u>
Central Station with Wind/Hydro	11,166	11,185	-19
LSFO	11,096	11,092	4
Diesel	24,709	24,358	351
Biodiesel	17,122	22,909	-5,787
Wind/Hydro	11,166	11,185	-19

1 Rate Case Update HECO-WP-1037 pg. 2.

2 Direct Testimony HECO-WP-1037 pg. 2.

[illegible]

Hawaiian Electric Company, Inc.
Determination of
Percent of Central Station Generation MBTU Mix
and
Total Generation MBTU Mix

2009 Test Year - Rate Case Update
At Present and Proposed Rates

<u>Line</u>	<u>Central Station Plant</u>	(A) MBTU	(B) % to Total Central Station Plant	(C) Rate Case Update Reference
1	Kahe	33,815,837	70.28	HECO-405 page 1
2	Waiau	11,903,719	24.74	HECO-405 page 1
3	Honolulu	1,836,903	3.82	HECO-405 page 1
4	LSFO total	47,556,459	98.84	
5	Waiau-Diesel	199,588	0.41	HECO-405 page 1
6	CIP-Diesel	336,745	0.70	HECO-405 page 1
7	Diesel total	536,333	1.11	
8	CIP-Biodiesel	25,631	0.05	
9	Total Central Station Plant	48,118,423	100.00	HECO-405 page 1
10	DG	39,263		HECO-405 page 1
11	Total Generation	48,157,686		HECO-405 page 1

Hawaiian Electric Company, Inc.
Net System Percent Mix

2009 Test Year - Rate Case Update
At Present and Proposed Rates

Line		(A) 2009 Mwh Energy	(B) % to Total System	(C) % to Total Central Station Generation	(D) Rate Case Update Reference
<u>Central Station Generation</u>					
1	Kahe	3,313,304			HECO-405 page 1
2	Waiau	1,049,517			HECO-405 page 1
3	Honolulu	144,670			HECO-405 page 1
4	subtotal LSFO	4,507,491	57.26	99.46	
5	Waiau-Diesel	5,298			HECO-405 page 1
6	CIP-Diesel	17,641			HECO-405 page 1
7	subtotal Diesel	22,939	0.29	0.51	
8	CIP-Biodiesel	1,330	0.02	0.03	HECO-405 page 1
9	Total Central Station Generation	4,531,760	57.57	100.00	HECO-405 page 1
10	DG	3,772	0.05		HECO-405 page 1
11	Total Generation	4,535,532			HECO-405 page 1
<u>Purchased Power</u>					
12	AES Hawaii, Inc.	1,529,472			HECO-405 page 6
13	Kalaeloa Partners	1,470,471			HECO-405 page 6
14	HPower	330,750			HECO-405 page 6
15	Tesoro	4,056			HECO-WP-606
16	Chevron	712			HECO-WP-606
17	Hoku Solar	305			HECO-405 page 6
18	Total Purchased Power	3,335,766	42.38		HECO-405 page 6
19	Total Net System	7,871,298	100.00		

Hawaiian Electric Company, Inc.
Composite Cost of Generation

2009 Test Year - Rate Case Update
At Present Rates

<u>Line</u>	<u>GENERATION COMPONENT</u>	
	<u>FUEL PRICES, ¢/mmbtu</u>	
1	Kahe	1,602.06
2	Waiau-Steam	1,602.06
3	Honolulu	1,652.16
4	Waiau-Diesel	2,366.04
5	CIP-Diesel	2,402.08
6	CPP-Biodiesel	4,602.67
	<u>BTU MIX, %</u>	
7	Kahe	70.28
8	Waiau-Steam	24.74
9	Honolulu	3.82
10	Waiau-Diesel	0.41
11	CIP-Diesel	0.70
12	CIP-Biodiesel	0.05
		<u>100.00</u>
13	COMPOSITE COST OF GENERATION, ¢/mmbtu	1,614.21

Line 13:

(Line 1x7 + line 2x8 + line 3x9 + line 4x10 + line 5x11 + line 6x12)

Reference:

Rate Case Update HECO-WP-1036, pg. 1, line 13

Rate Case Update HECO-WP-1036, pg. 2

Hawaiian Electric Company, Inc.
Determination of Composite Cost of DG Energy

2009 Test Year - Rate Case Update
At Present and Proposed Rates

	(A)	(B)	(C)	(D)	(E) (colD + colC x 100)	(F) (colD + colB x 100)
Line	DG Unit Location	Net to System (Kwh)	Fuel Consumed (Mbtu)	Fuel Expense (\$)	Fuel Cost (¢/mbtu)	Fuel Cost (¢/kwh)
1	Substation DG	3,772,000	39,263	942,724	2401.05	24.993
2					0.00	0.000
3					0.00	0.000
4					0.00	0.000
5	Total	3,772,000	39,263	942,724	2401.05	24.993
6	<div>Composite DG Fuel Cost</div> <div>2401.05 ¢/mbtu</div>					
7	<div>Composite Cost of DG Energy</div> <div>24.993 ¢/kwh</div>					

Col B: Rate Case Update HECO-405, pg. 7.
Col C: Rate Case Update HECO-405, pg. 7.
Col D: Rate Case Update HECO-501, pg. 2, line 10.

Hawaiian Electric Company, Inc.
**Determination of Percent of Purchased Energy Mix,
Payment Rate (in ¢/kwh) and
Composite Cost of Purchased Energy (in ¢/kwh)**

2009 Test Year - Rate Case Update
At Present and Proposed Rates

No.	(A) Producer	(B) Gwh Purchased	(C) % to Total PP	(D) Payment Rate (¢/kwh)	(E) Weighted Cost (¢/kwh) [(colF + colB) * colC * 1000]	(F) Purch Pwr Fuel Expense (\$ thous)
1	Kalaeloa					
	Fuel	1,470.5	44.08	14.826		218,012.8
	Additive			<u>0.169</u>		<u>2,479.2</u>
	Total	1,470.5		14.995	6.610	220,492.0
2	AES					
	Fuel	1,529.5	45.85	2.873	1.317	43,940.0
3	HPower					
	On Peak	192.9	5.79	16.672	0.965	32,166.5
	Off Peak	87.0	2.61	12.716	0.332	11,068.0
	On Peak - excess	0.0	0.00	0.000	0.000	0.0
	Off Peak - excess	<u>50.8</u>	1.52	12.716	0.193	<u>6,456.2</u>
	Total	330.7				49,690.7
4	Tesoro					
	On Peak	2.4	0.07	19.826	0.014	469.1
	Off Peak	<u>1.7</u>	0.05	15.088	0.008	<u>255.0</u>
	Total	4.1				724.1
5	Chevron					
	On Peak	0.4	0.01	19.826	0.002	82.4
	Off Peak	<u>0.3</u>	0.01	15.088	0.002	<u>44.8</u>
	Total	0.7				127.2
6	Hoku Solar	0.3	0.01	19.000	0.002	58.0
7	Other	-	-	0.000	0.000	-
8	Total	3,335.8	100.00		9.444	315,032.0
9	Composite Cost of Purchased Energy					9.444 ¢/kwh

Line 1: Rate Case Update HECO-WP-601, pg. 1.
Line 2: Rate Case Update HECO-WP-603, pg. 1.
Line 3: Rate Case Update HECO-WP-604, pg. 2.
Lines 4&5: Rate Case Update HECO-606.
Line 6: Rate Case Update HECO-WP-606.
Line 8, Col B: Rate Case Update HECO-402, line 6.

Hawaiian Electric Company, Inc.
Composite Cost of Central Station Generation

2009 Test Year - Rate Case Update
At Proposed Rates

<u>Line</u>	<u>GENERATION COMPONENT</u> Central Station and Other	
	<u>FUEL PRICES, ¢/mmbtu</u>	
1	Kahe	1,602.35
2	Waiau	1,602.06
3	Honolulu	1,652.16
4	WPP Diesel	2,366.04
5	CIP Diesel	2,402.08
6	Biodiesel	4,602.67
7	Other	0.00
	<u>BTU MIX, %</u>	
8	Kahe	70.28
9	Waiau	24.74
10	Honolulu	3.82
11	WPP Diesel	0.41
12	CIP Diesel	0.70
13	Biodiesel	0.05
14	Other	0.00
		<u>100.00</u>
14	COMPOSITE COST OF GENERATION, Central Stn + Other ¢/mmbtu	1,614.41

Line 14:

(Line 1x8 + line 2x9 + line 3x10 + line 4x11 + line 5x12 + line 6x13 +
line 7x14)

Reference:

Rate Case Update HECO-WP-1036, pg. 1, line 20.
Rate Case Update HECO-WP-1036, pg. 2.

Hawaiian Electric Company, Inc.
Determination of Fixed Efficiency Factor or Sales Heat Rate (Mbtu / Kwh Sales)
2009 Test Year - Rate Case Update
At Proposed Rates

<u>Line</u>			<u>Rate Case Update Reference</u>
<u>Total Central Station Fuel Sales Heat Rate</u>			
1	Total Central Station Fuel Consumed	48,118,423 Mbtu	HECO-405 pg 1
2	Sales	7,484.7 Gwh	HECO-402, line 1
3	% of Central Stn to Total System	57.57 Percent	HECO-402, line 7a
4	Kwh/Gwh Conversion	1,000,000 kwh/gwh	
5	Sales Heat Rate [(line 1 ÷ (line 2 x line 3 x line 4))]	0.011166 Mbtu/Kwh Sales	
<u>LSFO Sales Heat Rate</u>			
6	LSFO Fuel Consumed	47,556,459 Mbtu	HECO-WP-1036 pg 2
7	Sales	7,484.7 Gwh	HECO-402, line 1
8	% of LSFO Fuel Generation to Total System	57.26 Percent	HECO-WP-1036 pg 3
9	Kwh/Gwh Conversion	1,000,000 kwh/gwh	
10	Sales Heat Rate [(line 6 ÷ (line 7 x line 8 x line 9))]	0.011096 Mbtu/Kwh Sales	
<u>Diesel Fuel Sales Heat Rate</u>			
11	Diesel Fuel Consumed	536,333 Mbtu	HECO-WP-1036 pg 2
12	Sales	7,484.7 Gwh	HECO-402, line 1
13	% of Diesel Fuel Generation to Total System	0.29 Percent	HECO-WP-1036 pg 3
14	Kwh/Gwh Conversion	1,000,000 kwh/gwh	
15	Sales Heat Rate [(line 11 ÷ (line 12 x line 13 x line 14))]	0.024709 Mbtu/Kwh Sales	
<u>Biodiesel Sales Heat Rate</u>			
16	Biodiesel Fuel Consumed	25,631 Mbtu	HECO-WP-1036 pg 2
17	Sales	7,484.7 Gwh	HECO-402, line 1
18	% of Biodiesel Fuel Generation to Total System	0.02 Percent	HECO-WP-1036 pg 3
19	Kwh/Gwh Conversion	1,000,000 kwh/gwh	
20	Sales Heat Rate [(line 16 ÷ (line 17 x line 18 x line 19))]	0.017122 Mbtu/Kwh Sales	
<u>HECO Other Sales Heat Rate</u>			
21	Total Central Station Fuel Consumed	48,118,423 Mbtu	
22	Sales	7,484.7 Gwh	
23	% of Central Stn to Total System	57.57 Percent	
24	Kwh/Gwh Conversion	1,000,000 kwh/gwh	
25	Sales Heat Rate [(line 21 ÷ (line 22 x line 23 x line 24))]	0.011166 Mbtu/Kwh Sales	

Hawaiian Electric Company, Inc.
DG and Purchased Energy Loss Factor Calculations

2009 Test Year - Rate Case Update
At Proposed Rates

<u>Line</u>		<u>Rate Case Update Reference</u>
1	Net to System (gwh) 7,871.9	HECO-402, line 5
2	Sales (gwh) 7,484.7	HECO-402, line 1
3	DG & Purchase Power Loss Factor 1.052	Line 1 + Line 2

**CONFIDENTIAL EMPLOYEE
INFORMATION DELETED**

RATE CASE UPDATE
DOCKET NO. 2008-0083
HECO T-10
ATTACHMENT 1
PAGE 1 OF 1

CHANGE IN PERSONNEL STATUS (Transfer/Promotion)

For HR use only:

Entered in Ellipse:

Employee ID: [REDACTED] Employee Name: [REDACTED] *Effective Date: 11/24/2008
Company: HAWAIIAN ELECTRIC COMPANY Last Day on Payroll (For Terminations Only):
*Employment Category: AF REGULAR FULL-TIME *Reason: TS TRANSFER-DOWNGRADE

	CURRENT	PROPOSED		CURRENT	PROPOSED
Position ID:	3752	5296	Bargaining Unit		
Job Code:	M219	J2616	Hourly Rate:		
Position Title:	MGR, CUSTOMER INSTALLATIONS	DIR, SPECIAL PROJECTS			
Department:	CUSTOMER INSTALLATION	VP CUSTOMER SOLUTIONS	Grade:		
Division:	ADMINISTRATION	CUSTOMER SOLUTIONS	Appr Trng Hrs Comp:		
*Mail Stop/Work Loc	WA4	CP10	Merit		
RA:	PWA	P1W	Role:	ME	MF
*Reporting To:		David Waller	*Base Salary:	122,400	110,100
Award Code:	MERE	MERR	Market:	127,900	109,900
Home Cost Center:	PWA098PHENDNPZZZZZ	P1W098PHENDNPZZZZZ	CTM:	95	100
*Labor Class:	E-W	F	Increase/Decrease:		-12,300
*Primary Resource:		N/A	Variable Merit:	0	N/A
*WO Prefix:	CE	AD	Time Frame From:		N/A
*Roster Pattern:	DK5D	DK5D	Time Frame To:		N/A
*Roster Position:	0001	0001			

*JVR No: P2353

*Replacing: n/a

Comments: N/A

Proposed Salary Offer Summary (For Utility Company Merit Positions Only)

1st Line Supv Differential	no	5% + Increase (approval)	N/A	Date Approved: N/A
Highest Paid BU EE Supervised:	Position: N/A Rate: N/A	Interim Increase (added to base)	Explanation: n/a	
Development Plan	Explanation: n/a	May Merit	Explanation: not eligible May 2009 Merit	
Entry-level Engineer Plan	Explanation: n/a	September Market Adjustment	Explanation: n/a	
Signing Bonus (one time only - not in base)	Amount: 0 Charge: n/a SSN: n/a	Relocation	Terms: n/a	
OTHER: n/a				
Reviewed by:				
WSD CONSULTANT / DATE		COMPENSATION / DATE		

APPROVALS

SUPERVISOR / DATE

DEPARTMENT MANAGER / DATE

EXECUTIVE / DATE

11/25/2008 9:31:15 AM



Hawaiian Electric Company, Inc.
An Equal Opportunity/Affirmative Action Employer

JVR #:
Application Deadline:

MERIT JOB VACANCY NOTICE

Position: Senior Rate Analyst
Role: Teacher/Coach
Number of Vacancies: One (1)
Department: Energy Services
Division: Pricing
Primary Work Location: Central Pacific Plaza
Remarks:

Primary Responsibilities:

- Provides policy direction, coordination, and implementation, of rate initiatives, studies, and existing rules and tariffs that support strategic focus areas of the Companies.
- Under the direction of the Director, Pricing, provides substantive policy direction for rate initiatives that support strategic areas of focus for HECO, HELCO, and MECO (Companies). Coordinates rate initiative development and implementation with other areas of the Company to ensure objectives are met.
- Identifies the need for and designs, coordinates, and implements, studies to support fair and reasonable rates for the Companies, in such areas as cost-of-service, rate research, innovative rate design and pricing, revenue and cost recovery mechanisms, and rate analysis.
- Develops, designs, justifies, supports, administers, and implements, rates, rules, pricing proposals, and cost recovery and rate adjustment mechanisms (e.g., ECAC, and IRP and DSM surcharges) for all Companies.
- Supports and/or testifies as an expert witness on rate design, pricing, cost-of-service, revenues, and cost recovery for the Companies at Public Utilities Commission rate case and other proceedings. Assists with negotiations among the parties in the proceedings if settlement is a desired outcome.
- Creates, maintains, and submits documents to support existing and proposed Company rules and tariffs.
- Develops, designs, maintains, and/or modifies computer models for cost-of-service studies, rate design, rate analysis, rate research applications, and cost recovery mechanisms.

Knowledge Requirements:

- Extensive knowledge of the principles of public utility rates and finance, rate design, cost-of-service methodologies, load research, engineering concepts, economic and statistical analysis methods, econometric modeling techniques, computer methods and applications, and cost accounting, acquired through formal education in graduate level or advanced college level courses in economics, statistics, engineering, and business.
- Extensive knowledge of cost of service, rate design, and pricing methodologies.
- Extensive knowledge of trends in rate design and ratemaking procedures in the electric utility industry and in Hawaii.

All positions open to external applicants
will be listed on the Employment Hotline at 543-4611.

Do Not Remove from Bulletin Board Until Posting Expires.

Should you have any questions, please contact Workforce Staffing & Development at 543-4666 or 543-4668.

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FOR DISTINGUISHED INDUSTRY LEADERSHIP



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Hawaiian Electric Company, Inc.
An Equal Opportunity/Affirmative Action Employer

JVR #:
Application Deadline:

MERIT JOB VACANCY NOTICE

Skills Requirements:

- Leadership skills to organize and coordinate the activities of cross-functional working groups within the Company.
- Creativity and innovation to identify appropriate pricing and rate design concepts and modify them as necessary for application in the service territory.
- Excellent written and oral communication skills.
- Strong analytical and computer skills.
- Ability to independently identify and effectively obtain/follow-up data needs and to analyze consistency and reasonableness of data.
- Ability to apply technical concepts and methodologies in developing pricing and costing studies; ability to keep good documentation of study/projects, and complete tasks accurately, efficiently, and in a timely manner.
- Ability to synthesize/integrate important information from large volumes of data, offer solutions and recommendations.
- Demonstrated organizational, planning, and time management skills to handle multiple projects and programs at the same time.

Experience Requirements:

- Multiple (5-7) years of experience in areas such as utility pricing, rate research, development of utility cost studies, or economics.

If there are no applicants with this experience, the company may consider applicants without such experience who meet the knowledge/skill requirements. If such an applicant is hired, he or she will initially be placed on a development plan commensurate with their education and experience level.

To Apply:

Any employee who meets the minimum requirements should apply on-line at Café BEST by clicking on the link below:

OR submit a resume, including his/her employee number to Workforce Staffing & Development (CP7-FD) by the application deadline. The resume should reflect experience, knowledge and skills specifically related to, or closely match the minimum requirements of the job.

Submission of an application or resume for the position:

1. Authorizes HECO to share any and all information regarding previous or present employment, educational training or personal information from their records and from any other source with the hiring department or subsidiary company;
2. Releases and waives HECO from any and all liability for any damage which may be claimed as a result of furnishing such information to the hiring department or subsidiary company; and
3. Authorizes release and transfer of all personnel records to be maintained by the hiring company in the event of an inter-company transfer.

All positions open to external applicants
will be listed on the Employment Hotline at 543-4611.

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An Equal Opportunity/Affirmative Action Employer

JVR #:
Application Deadline:

MERIT JOB VACANCY NOTICE

NOTE: a) To the extent permitted by law, HECO may conduct a criminal conviction record inquiry for the past 10 years. b) HECO is an equal employment opportunity and affirmative action employer. We actively seek diversity among our employees. We do not discriminate on the basis of age, race, color, religion, gender/sex, national origin, ancestry, disability, marital status, arrest and court record, sexual orientation, veteran status, or other protected categories in accordance with state and federal laws. c) If you require accommodations during the application process, please contact Workforce Staffing & Development at 543-4686 or 543-4668.

*Merit
Job Vacancy*

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Post on Bulletin Board From:



Hawaiian Electric Company, Inc.
An Equal Opportunity/Affirmative Action Employer

JVR #:
Application Deadline:

MERIT JOB VACANCY NOTICE

Position: Energy Efficiency Program Manager
Role: Teacher/Coach
Number of Vacancies: One (1)
Department: Energy Services
Division: Customer Efficiency Programs
Primary Work Location: Central Pacific Plaza
Remarks:

Primary Responsibilities:

- Administers, plans, schedules, and budgets Customer Efficiency programs and coordinates program implementation activities.
- Develops implementation plans, budgets and tracking systems for Customer Efficiency programs including maintaining policies and procedures. Analyzes problems that occur in the operation of programs and recommends changes to resolve problems and improve program effectiveness.
- Coordinates customer, market and technical data development for planning and analysis. Conducts on-site customer surveys and visits vendors and manufacturers representatives. Maintains database on market and customer data and costs of efficient appliances and equipment.
- Coordinates administration of Customer Efficiency incentives to customers, program promotion and advertising, and activities in connection with implementation and on-going operation of Customer Efficiency programs.
- Administers contracts with consultants, contractors and suppliers associated with Customer Efficiency programs.
- Performs analyses of bids, contracts, project alternatives, and provides recommendations. Coordinates Request for Proposals (RFPs) for consultant services related to Customer Efficiency programs. Conducts technical workshops to promote efficient energy technologies to customers, architects, and engineers. Prepares status reports, Public Utilities Commission (PUC) filing and reports, information requests, studies, and economic and technical analyses

All positions open to external applicants
will be listed on the Employment Hotline at 543-4611.

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Hawaiian Electric Company, Inc.
An Equal Opportunity/Affirmative Action Employer

JVR #:
Application Deadline:

MERIT JOB VACANCY NOTICE

Knowledge Requirements:

- Working knowledge of marketing principles and concepts, project management and coordination, usually acquired through college level courses or equivalent experience.
- Working knowledge of energy technologies and systems.
- Working knowledge of personal computers and mainframe systems and related software applications (i.e. spreadsheets, word processing, etc.).

Skills Requirements:

- Ability to perform rate financial analyses for bill impacts or rate alternatives.
- Effective written, oral, and presentation skills.
- Demonstrated ability to work with team orientation.
- Demonstrated ability to manage projects within budget and time constraints.
- Strong interpersonal skills to influence and persuade various groups or individuals.
- Must have or be able to qualify for State of Hawaii driver's license and HECO driver's license to drive company car to various customer sites.

Experience Requirements:

- Multiple years (5-7) experience in the field of marketing and developing and implementing marketing plans.

If there are no applicants with this experience, the company may consider applicants without such experience who meet the knowledge/skill requirements. If such an applicant is hired, he or she will initially be placed on a development plan commensurate with their education and experience level.

To Apply:

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An Equal Opportunity/Affirmative Action Employer

JVR #:
Application Deadline:

MERIT JOB VACANCY NOTICE

OR submit a resume, including his/her employee number to Workforce Staffing & Development (CP7-FD) by the application deadline. The resume should reflect experience, knowledge and skills specifically related to, or closely match the minimum requirements of the job.

Submittal of an application or resume for the position:

1. Authorizes HECO to share any and all information regarding previous or present employment, educational training or personal information from their records and from any other source with the hiring department or subsidiary company;
2. Releases and waives HECO from any and all liability for any damage which may be claimed as a result of furnishing such information to the hiring department or subsidiary company; and
3. Authorizes release and transfer of all personnel records to be maintained by the hiring company in the event of an inter-company transfer.

NOTE: a) To the extent permitted by law, HECO may conduct a criminal conviction record inquiry for the past 10 years. b) HECO is an equal employment opportunity and affirmative action employer. We actively seek diversity among our employees. We do not discriminate on the basis of age, race, color, religion, gender/sex, national origin, ancestry, disability, marital status, arrest and court record, sexual orientation, veteran status, or other protected categories in accordance with state and federal laws. c) If you require accommodations during the application process, please contact Workforce Staffing & Development at 543-4686 or 543-4668.

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RATE CASE UPDATE

Ref: J. Price, HECO T-13, A&G Expenses - Employee Benefits, Human Resources Suite Project, Wage and Salary Increase

Updated employee benefit expenses are included in Attachment 1. Amounts in Account No. 926000 and Account No. 926010 for the test year were updated to reflect 1) actual rates for group insurance premiums for 2009, 2) the revised average number of covered employees, and 3) increase in HR Suite Project costs. Attachment 1 also reflects updates to the amount transferred to plant construction or billed to affiliated companies and outside third parties in Account 926020 and updates for the interim increase and CIP CT1 step as discussed by Ms. Patsy Nanbu in Rate Case Update HECO T-11. Qualified Pension Plan and Other Postretirement Benefits expense amounts will be updated in February 2009, based on recorded information as of December 31, 2008. Expense for 2009 will be impacted by plan asset values as of December 31, 2008 and other assumption changes.

1. Group insurance premium rates

Actual premium rates effective January 1, 2009 for long-term disability benefits, medical, dental, vision and life insurance plans were received subsequent to filing the direct testimony. These costs have now been updated to reflect the actual rates and the updated number of covered employees for the test year. Updated attachments are provided as follows:

Attachment 2 – HECO-1306 Updated Long-Term Disability Benefits;

Attachment 3 – HECO-1309 Updated FlexPlan Credits Less Prices;

Attachment 4 – HECO-1311 Updated Group Medical Plan;

Attachment 5 – HECO-1312 Updated Group Dental Plan;

Attachment 6 – HECO-1313 Updated Group Vision Plan;

Attachment 7 – HECO 1314 Updated Group Life Insurance Plan.

Confirmations from the insurance carriers of the 2009 premium rates are provided in Attachment 8 (long-term disability - pages 1-2, medical plans (HMSA pages 3-19, Kaiser pages 20-21), dental plan - page 22, vision plan - page 23, group life insurance plans - pages 24-25).

2. Average number of covered employees

The average number of employees covered for group insurance plans for the test year was updated to 1,618 which was determined as follows: The 13-month average number of employees for the test year is 1,636 per Rate Case Update HECO T-15 (see Rate Case Update HECO-WP-1501), which was reduced by 18 which is the average number of temporary employees for the test year. See Attachment 9.

3. HR Suite Project

The HR Suite Project is discussed in HECO T-13, pages 44-47. Total estimated HR Suite Project costs have been updated since filing the direct testimony from \$9,462,000 (HECO-1315) to \$10,210,000 as reported in the Notification Letter that will be filed with the Commission in December 2008. See Attachment 10, page 1. Increases in costs are attributable to consulting services for configuration and development of the application software and interfaces to other systems and for hardware to securely support the accesses for recruitment and employee self-service. The project will now be implemented in two phases, with the first phase focusing on the foundational components of the system, human resources and benefits administration; followed by the operational components such as compensation, leave management administration, recruitment, training and employee self-service in the second phase. This two phase approach will optimize resources utilized for the project, promote knowledge transfer to all employees and minimize the risks associated with multiple functional implementations. Completion date for the first phase is April, 2009, and August, 2009, for the second phase. HECO's portion of total

project costs has been updated from \$6,311,000 (HECO-1315) to \$6,810,000. See Attachment 10, page 2. Amounts included in the 2009 test year have been updated for revisions in expenses in account nos. 920, 921 and 926 as shown in Attachment 11. Deferred costs are being amortized over a twelve year period beginning in May 2009 for Phase 1 and September 2009 for Phase 2, in account no. 921. The unamortized amount including AFUDC is in Rate Case Update HECO-1117.

HAWAIIAN ELECTRIC COMPANY, INC.
ADMINISTRATIVE AND GENERAL EXPENSES - Employee Benefits
(\$1000s)

HECO-1301						
Line	Account Description	(a) Budget 2009	(b) Adj	(c) TY Est 2009	(d) Update	(e) Revised TY Est. 2009
926000 Employee Pensions and Benefits						
1	Qualified Pension Plan	14,283	340 (1)	14,623	0	14,623
2	Amortization of Regulatory Liability	861	-1,471 (2)	-610	0	-610
3	Total Qualified Pension Plan	15,144	-1,131	14,013	0	14,013
4	Non-Qualified Pension Plans	345	-345 (3)	0	0	0
5	Other Postretirement Benefits*	5,347	-1,494 (4)	3,853	0	3,853
6	Amortization of Regulatory Asset	1,302	0	1,302	0	1,302
7	Amortization of Regulatory Liability	116	-271 (5)	-155	0	-155
8	Total Other Postretirement Benefits	6,765	-1,765	5,000	0	5,000
9	Long-Term Disability Benefits	546	-2 (6)	544	-91 (12)	453
10	Other Benefits/Administration	410	389 (7)	799	0	799
11	Subtotals: Non-Labor	23,210	-2,854	20,356	-91	20,265
12	Labor	841	0	841	0	841
13	Total 926000	24,051	-2,854	21,197	-91	21,106
926010 Employee Benefits-Flex Credits						
14	Flex Credits Less Prices	-1,234	5 (8)	-1,229	139 (12)	-1,090
15	Group Medical Plan	8,752	-33 (9)	8,719	1,152 (12)	9,871
16	Group Dental Plan	1,323	-5 (10)	1,318	-73 (12)	1,245
17	Group Vision Plan	204	0	204	2 (12)	206
18	Group Life Insurance Plan	1,072	-4 (11)	1,068	-259 (12)	809
19	Other/Administration	882	0	882	83 (13)	965
20	Subtotals: Non-Labor	10,999	-37	10,962	1,044	12,006
21	Labor	211	0	211	-36 (13)	175
22	Total 926010	11,210	-37	11,173	1,008	12,181
23	926020 Employee Benefits Transfer	-9,655	692	-8,963	-553	-9,516
24	Grand Total Charged to O&M	25,606	-2,199	23,407	364	23,771
	Less CIP CT1 Average Cost			-125		-127
	Interim Increase			23,282		23,644
	CIP CT1 Annualized			266		271
	CIP CT 1 Step			23,548		23,915

* Net of electric discount

See notes on next page for explanations of adjustments.

Notes:

- (1) Adjust 2009 budget amount for updated 2009 NPPC estimate from Watson Wyatt Worldwide (HECO-1302), \$14,623 - \$14,283 = \$340.
 - (2) Adjustment of -\$1,471 to derive test year 2009's balance of -\$610 (\$861 - \$1,471 = -\$610) as required under the NPPC tracking mechanism (HECO-1124).
 - (3) Two adjustments were made resulting in the net adjustment amount of -\$345 as follows:
 - a. Adjust 2009 budget amount for updated non-qualified plans estimate from Watson Wyatt Worldwide (HECO-1303, p. 3), \$374 - \$345 = \$29.
 - b. Delete non-qualified plans -\$374 to simplify and limit issues in this rate case.
 - c. \$29 - \$374 = -\$345
 - (4) Two adjustments were made resulting in a gross adjustment amount of -\$1,494 as follows:
 - a. Adjust 2009 budget amount for updated 2009 OPEB estimate from Watson Wyatt Worldwide:
 - i. Original 2009 budget OPEB (HECO-WP-1356, Attachment 2, p. 2, code 10A (\$850) and 10B (\$4,995), \$850 + \$4,995 = \$5,845
 - ii. Updated 2009 OPEB estimate from Watson Wyatt Worldwide (HECO-1303, p. 3), \$5,224
 - iii. \$5,224 - \$5,845 = -\$621
 - b. Delete executive life program (postretirement) \$873 to simplify and limit issues in this rate case.
 - c. -\$621 - \$873 = -\$1,494
 - (5) Adjustment of -\$271 to derive test year 2009's balance of -\$155 (\$116 - \$271 = -\$155) as required under the OPEB tracking mechanism (HECO-1125).
 - (6) Adjustment to delete cost for 6 employees (5 DSM, 1 SSF)
 - (7) Three adjustments were made resulting in a gross adjustment amount of \$389 to simplify and limit issues in this rate case.
 - a. Delete executive life program (active employees) \$507 (HECO-WP-1356, Attachment 2, p. 2, codes 15D (-\$180), E (-\$23), F (\$128), G (\$68)
 - b. Delete 401K administration -\$44 as follows:
 - i. HECO-WP-1356, Attachment 2, p. 2, codes 8A (-\$13), C (-\$8), 9 (-\$16), totaling to -\$36 (not foot due to rounding)
 - ii. HECO-WP-1356, Attachment 1, Account 779 (-\$8 [-\$7559 shown])
 - c. Delete HEI EICP, 401K, and non-qualified plans administration -\$74 (HECO-1107, page 7).
 - d. \$507 - \$44 - \$74 = \$389
 - (8) Adjustment to delete cost for 6 employees (5 DSM, 1 SSF)
 - (9) Adjustment to delete cost for 6 employees (5 DSM, 1 SSF)
 - (10) Adjustment to delete cost for 6 employees (5 DSM, 1 SSF)
 - (11) Adjustment to delete cost for 6 employees (5 DSM, 1 SSF)
- November Update:
- (12) Adjustments to reflect actual 2009 premium rates (refer to sources below) and 1,618 average number of employees (see HECO T-13, Attachment 9).

Source - Rate Case Update	
Long-Term Disability Benefits	HECO T-13, Attachment 2
Flex Credits Less Prices	HECO T-13, Attachment 3
Group Medical Plan	HECO T-13, Attachment 4
Group Dental Plan	HECO T-13, Attachment 5
Group Vision Plan	HECO T-13, Attachment 6
Group Life Insurance Plan	HECO T-13, Attachment 7

(13) Adjustments to reflect updated costs for HR Suite Project (see Rate Case Update, HECO T-13, Attachment 11).

Account 926	Labor/On Cost	Non-Labor	Total
Direct HECO-1316	241	441	682
Update Attachment 11	205	524	729
Difference	-36	83	47

Hawaiian Electric Co., Inc.
CALCULATION OF LONG TERM DISABILITY
2009

A. MERIT

1. Average Monthly Salary for April 2008		\$6,547
5/1/2008 Adjustment	x	1.035
(Jan '09 - Apr '09)		\$6,776
5/1/2009 Adjustment	x	1.045
(May '09 - Dec '09)		\$7,081
2. 2009 Covered Compensation		
Jan '09 - Apr '09		
\$6,776 x 4 mos.		\$27,104
May '09 - Dec '09		
\$7,081 x 8 mos.		\$56,648
Total Covered Compensation		\$83,752
3. Premium Calculation		
48.42% x 1618 employees	x	783
Total Covered Compensation for 2009		\$65,577,816
Premium Rate		
\$0.39 per \$100		\$255,753

B. BU

1. Average BU Salary for April 2008		\$5,253
1/1/2009 Adjustment	x	1.04
(Jan '09 - Dec '09)		\$5,463
2. 2009 Covered Compensation		
Jan '09 - Dec '09		
\$5,463 x 12 mos		\$65,556
3. Premium Calculation		
51.58% x 1618 employees	x	835
Total Covered Compensation for 2009		\$54,739,260
Premium Rate		
\$0.30 per \$100		\$164,218

C. Premiums

MERIT A3	\$255,753
BU B3	\$164,218
Total Premiums	\$419,971
ASA Administrative Fees	\$3,012
Claims	\$30,000
Total Long Term Disability	\$452,983

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Hawaiian Electric Co., Inc.
Projected FlexPlan & Premium Expense
2009

CREDITS		Enrollment Participation % as of Jan-08	Projected Enrollment No.	PRICE AMOUNT	CR - PR
Basic	\$2,622,713				
Life	\$353,016				
Total Credits	\$2,975,729				
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PPP	Single	11.6%	187.7	\$307,137	
	S. Parent	2.5%	40.5	\$71,432	
	Couple	6.6%	106.8	\$210,080	
	Family	20.8%	336.5	\$714,645	
HPH Plus	Single	10.6%	171.5	\$280,629	
	S. Parent	3.4%	55.0	\$97,007	
	Couple	7.0%	113.3	\$222,866	
	Family	19.6%	317.1	\$673,444	
SUBTOTAL HMSA				\$2,577,240	
Kaiser	Single	3.7%	59.9	\$98,016	
	S. Parent	0.7%	11.3	\$19,930	
	Couple	2.4%	38.8	\$76,321	
	Family	5.1%	82.5	\$175,210	
				\$369,477	
Vision	Single	25.9%	419.1	\$27,661	
	Couple	16.0%	258.9	\$18,641	
	Family	52.1%	843.0	\$60,696	
				\$106,998	\$3,053,715
					778 PHE NE NPFZZZZ 900
Major Care	Single	25.2%	407.7	\$40,216	
	Couple	17.3%	279.9	\$34,125	
	Family	54.5%	881.8	\$128,037	
SUBTOTAL DENTAL				\$202,378	778 PHE NE NPFZZZZ 900
Basic Life				\$299,868	
Supplemental Life				\$321,852	
SUBTOTAL LIFE INSURANCE				\$621,720	778 PHE NE NPFZZZZ 900
Dependent Life				\$41,540	778 PHE NE NPFZZZZ 900
AD&D				\$146,103	778 PHE NE NPFZZZZ 900
Total Prices				\$4,065,456	

Total Credits - Prices (\$1,089,727)

Hawaiian Electric Co., Inc.

Life Credits

2009

				Merit	Exec	BU	Total	
January	2008	Average Life Credit		\$354.72	\$120.00	\$223.44		
2009	Projected Premium Increase	-25%	X	0.75	X	0.75	X	0.75
	Salary/Wage Increase		X	1.0350	X	1.0000	X	1.0350
2009	Projected Average Life Credit			\$275.35	\$90.00	\$173.45		
Projected Number of Employees			X	743	X	40	X	835
2009 Life Credits				\$204,585.05	\$3,600.00	\$144,830.75	\$353,016	

Hawaiian Electric Co., Inc.
Calculation of Medical Expense
2009

PLAN	COVERAGE	1	2	3	4	5
		% OF PARTICIPATION 1/1/2008	PROJECTED PARTICIPATION 2009	2009 MONTHLY PREMIUM RATES	MONTHLY PREMIUM FOR 2009 PARTICIPATION (2 x 3)	2009 ANNUAL PREMIUM
PPP (HMSA)	Single	11.6%	187.7	\$238.42	\$44,751	\$537,012
	S. Parent	2.5%	40.5	\$484.18	\$19,609	\$235,308
	Couple	6.6%	106.8	\$582.73	\$62,236	\$746,832
	Family	20.8%	336.5	\$629.78	\$211,921	\$2,543,052
					<u>\$338,517</u>	<u>\$4,062,204</u>
HPH Plus (HMSA)	Single	10.6%	171.5	\$284.70	\$48,826	\$585,912
	S. Parent	3.4%	55.0	\$554.76	\$30,512	\$366,144
	Couple	7.0%	113.3	\$667.65	\$75,645	\$907,740
	Family	19.6%	317.1	\$726.90	\$230,500	\$2,766,000
					<u>\$385,483</u>	<u>\$4,625,796</u>
Kaiser	Single	3.7%	59.9	\$260.10	\$15,580	\$186,960
	S. Parent	0.7%	11.3	\$499.36	\$5,643	\$67,716
	Couple	2.4%	38.8	\$600.80	\$23,311	\$279,732
	Family	5.1%	82.5	\$655.42	\$54,072	\$648,864
					<u>\$98,606</u>	<u>\$1,183,272</u>
Waive		6.0%	97.1			
		<u>100.0%</u>	<u>1,618</u>		<u>\$822,606</u>	<u>\$9,871,272</u>
778 PHE NE NPFZZZZZ 509				TOTAL	HMSA	\$8,688,000
778 PHE NE NPFZZZZZ 509				TOTAL	Kaiser	\$1,183,272

Hawaiian Electric Co., Inc.
Calculation of Dental Expense
2009

PLAN	COVERAGE	1	2	3	4	5
		% OF PARTICIPATION 1/1/2008	PROJECTED PARTICIPATION 2009	2009 MONTHLY PREMIUM RATES	MONTHLY PREMIUM FOR 2009 PARTICIPATION (2 x 3)	2009 PROJECTED ANNUAL PREMIUM
Major Care (HDS)	Single	25.2%	407.7	\$29.73	\$12,121	\$145,452
	2 Party	17.3%	279.9	\$59.43	\$16,634	\$199,608
	Family	54.5%	881.8	\$85.04	\$74,988	\$899,856
					<u>\$103,743</u>	<u>\$1,244,916</u>
Waive		3.0%	48.6			
		<u>100.0%</u>	<u>1,618</u>		<u>\$103,743</u>	<u>\$1,244,916</u>

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TOTAL

\$1,244,916

Hawaiian Electric Co., Inc.
Calculation of Vision Expense
2009

PLAN	COVERAGE	1	2	3	4	5
		% OF PARTICIPATION 1/1/2008	PROJECTED PARTICIPATION 2009	2009 MONTHLY PREMIUM RATES	MONTHLY PREMIUM FOR 2009 PARTICIPATION (2 x 3)	2009 PROJECTED ANNUAL PREMIUM
VISION (VSP)	Single	25.9%	419.1	\$5.08	\$2,129	\$25,548
	Couple	16.0%	258.9	\$10.15	\$2,628	\$31,536
	Family	52.1%	843.0	\$14.73	\$12,417	\$149,004
Waive		6.0%	97.0			
		100.0%	1,618		\$17,174	\$206,088

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TOTAL

\$206,088

Hawaiian Electric Co., Inc.
Summary of Group Life Insurance Premiums
2009

Basic Coverage

Merit = 2 x annual comp
Exec = 2 x annual comp
BU = 1-1/2 x annual comp

	a	b	c	d	e	f	g	h
	Coverage Option	Coverage	2009 Average Annual Compensation *	% of Participation 1/1/2008	2009 Projected Participation	2009 Basic Coverage Amount (b x c x e)	Monthly Premium (\$.15/1000 x f)	2009 Annual Premium (g x 12)
Basic Life								
BU	1/2 x annual comp	0.5	\$63,969	4.68%	75.7	\$2,421,227	\$363	\$4,356
	1-1/2 x annual comp	1.5	\$63,969	4.89%	79.1	\$7,589,922	\$1,138	\$13,656
	2-1/2 x annual comp	1.5	\$63,969	4.34%	70.2	\$6,735,936	\$1,010	\$12,120
	3-1/5 x annual comp	1.5	\$63,969	33.95%	549.3	\$52,707,258	\$7,906	\$94,872
	\$50,000	\$50,000		3.72%	60.2	\$3,010,000	\$452	\$5,424
					834.5	\$72,464,343	\$10,869	\$130,428
EXEC	Waive	0	\$160,263	0.41%	6.6	\$0	\$0	\$0
	1/2 x annual comp	0.5	\$160,263	0.07%	1.1	\$88,145	\$13	\$156
	1-1/2 x annual comp	1.5	\$160,263	0.83%	13.4	\$3,221,286	\$483	\$5,796
	2-1/2 x annual comp	2	\$160,263	0.21%	3.4	\$1,089,788	\$163	\$1,956
	3-1/5 x annual comp	2	\$160,263	0.62%	10.0	\$3,205,260	\$481	\$5,772
	\$50,000	\$50,000		0.27%	4.4	\$220,000	\$33	\$396
					38.9	\$7,824,479	\$1,173	\$14,076
EXEC Max	Max Benefit	\$750,000		0.07%	1.1	\$825,000	\$124	\$1,488
					1.1	\$825,000	\$124	\$1,488
MERIT	1/2 x annual comp	0.5	\$76,271	7.58%	122.6	\$4,675,412	\$701	\$8,412
	1-1/2 x annual comp	1.5	\$76,271	8.40%	135.9	\$15,547,843	\$2,332	\$27,984
	2-1/2 x annual comp	2	\$76,271	4.69%	75.9	\$11,577,938	\$1,737	\$20,844
	3-1/5 x annual comp	2	\$76,271	20.04%	324.2	\$49,454,116	\$7,418	\$89,016
	\$50,000	\$50,000		5.23%	84.6	\$4,230,000	\$635	\$7,620
					743.2	\$85,485,309	\$12,823	\$153,876
2009 Projected Basic Group Life Premiums					1618	\$166,599,131	\$24,989	\$299,868

Basic Life Premiums	\$299,868
Supplemental Life Premiums	\$321,852
Dependent Life Premiums	\$41,540
Accidental Death Premiums	\$146,103

778 PHE NE NPFZZZZZ 509 **\$809,363**

* Calculation of 2009 Average Annual Compensation:
1/1/2008 Average Annual Compensation
Multiplied by 2009 Projected Increase
2009 Average Annual Compensation

BU	MERIT	EXEC
\$61,806	\$73,692	\$154,843
3.50%	3.50%	3.50%
\$63,969	\$76,271	\$160,263

Hawaiian Electric Co., Inc.
Calculation of Group Life Insurance - Supplemental
2009

Total Coverage = 2-1/2 x annual comp

	Basic Coverage	Supplemental Coverage*
Merit	2 x annual comp	1/2 x annual comp
Exec	2 x annual comp	1/2 x annual comp
BU	1-1/2 x annual comp	1 x annual comp

a		b	c	d	e	f	g	h
Supplemental Coverage*	Age	Monthly Rate Per \$1000	Average Annual Compensation	% of Participation 1/1/2008	2009 Projected Participation	Supplemental Coverage Amount (a x c x d)	Monthly Premium (b/\$1000 x f)	2009 Annual Premium (g x 12)
1/2 x annual comp								
MERIT	0-29	0.045	\$76,271	0.27%	4.4	\$167,796	\$8	\$96
	30-34	0.050	\$76,271	0.07%	1.1	\$41,949	\$2	\$24
	35-39	0.083	\$76,271	0.28%	4.5	\$171,610	\$14	\$168
	40-44	0.111	\$76,271	1.03%	16.7	\$636,863	\$71	\$852
	45-49	0.161	\$76,271	0.69%	11.2	\$427,118	\$69	\$828
	50-54	0.283	\$76,271	0.69%	11.2	\$427,118	\$121	\$1,452
	55-59	0.456	\$76,271	1.03%	16.7	\$636,863	\$290	\$3,480
	60-64	0.770	\$76,271	0.55%	8.9	\$339,406	\$261	\$3,132
	65+	1.443	\$76,271	0.07%	1.1	\$41,949	\$61	\$732
				75.8	\$2,890,672	\$897	\$10,764	
EXEC	0-29	0.045	\$160,263	0.00%	0.0	\$0	\$0	\$0
	30-34	0.050	\$160,263	0.00%	0.0	\$0	\$0	\$0
	35-39	0.083	\$160,263	0.00%	0.0	\$0	\$0	\$0
	40-44	0.111	\$160,263	0.00%	0.0	\$0	\$0	\$0
	45-49	0.161	\$160,263	0.00%	0.0	\$0	\$0	\$0
	50-54	0.283	\$160,263	0.00%	0.0	\$0	\$0	\$0
	55-59	0.456	\$160,263	0.00%	0.0	\$0	\$0	\$0
	60-64	0.770	\$160,263	0.21%	3.4	\$272,447	\$210	\$2,520
	65+	1.443	\$160,263	0.00%	0.0	\$0	\$0	\$0
				3.4	\$272,447	\$210	\$2,520	
1 x annual comp								
BU	0-29	0.045	\$63,969	0.69%	11.2	\$716,453	\$32	\$384
	30-34	0.050	\$63,969	0.41%	6.6	\$422,195	\$21	\$252
	35-39	0.083	\$63,969	0.27%	4.4	\$281,464	\$23	\$276
	40-44	0.111	\$63,969	0.83%	13.4	\$857,185	\$95	\$1,140
	45-49	0.161	\$63,969	0.55%	8.9	\$569,324	\$92	\$1,104
	50-54	0.283	\$63,969	0.96%	15.5	\$991,520	\$281	\$3,372
	55-59	0.456	\$63,969	0.28%	4.5	\$287,861	\$131	\$1,572
	60-64	0.770	\$63,969	0.21%	3.4	\$217,495	\$167	\$2,004
	65+	1.443	\$63,969	0.14%	2.3	\$147,129	\$212	\$2,544
				70.2	\$4,490,626	\$1,054	\$12,648	
Total Supplemental Premium for 2-1/2 x annual comp coverage					149	\$7,653,745	\$2,161	\$25,932

Hawaiian Electric Co., Inc.
Calculation of Group Life Insurance - Supplemental
2009

Total Coverage = 3-1/2 x annual comp

	<u>Basic Coverage</u>	<u>Supplemental Coverage*</u>
Merit	2 x annual comp	1-1/2 x annual comp
Exec	2 x annual comp	1-1/2 x annual comp
BU	1-1/2 x annual comp	2 x annual comp

a		b	c	d	e	f	g	h
Supplemental Coverage*	Age	Monthly Rate Per \$1000	Average Annual Compensation	% of Participation 1/1/2008	2009 Projected Participation	Supplemental Coverage Amount (a x c x d)	Monthly Premium (b/\$1000 x f)	2009 Annual Premium (g x 12)
1-1/2 x annual comp								
MERIT	0-29	0.045	\$76,271	0.21%	3.4	\$388,982	\$18	\$216
	30-34	0.050	\$76,271	0.55%	8.9	\$1,018,218	\$51	\$612
	35-39	0.083	\$76,271	2.13%	34.5	\$3,947,024	\$328	\$3,936
	40-44	0.111	\$76,271	3.99%	64.6	\$7,390,660	\$820	\$9,840
	45-49	0.161	\$76,271	5.37%	86.9	\$9,941,925	\$1,601	\$19,212
	50-54	0.283	\$76,271	4.06%	65.7	\$7,516,507	\$2,127	\$25,524
	55-59	0.456	\$76,271	2.76%	44.7	\$5,113,971	\$2,332	\$27,984
	60-64	0.770	\$76,271	0.90%	14.6	\$1,670,335	\$1,286	\$15,432
	65+	1.443	\$76,271	0.07%	1.1	\$125,847	\$182	\$2,184
				324.4	\$37,113,469	\$8,745	\$104,940	
EXEC	0-29	0.045	\$160,263	0.00%	0.0	\$0	\$0	\$0
	30-34	0.050	\$160,263	0.00%	0.0	\$0	\$0	\$0
	35-39	0.083	\$160,263	0.00%	0.0	\$0	\$0	\$0
	40-44	0.111	\$160,263	0.07%	1.1	\$264,434	\$29	\$348
	45-49	0.161	\$160,263	0.14%	2.3	\$552,907	\$89	\$1,068
	50-54	0.283	\$160,263	0.27%	4.4	\$1,057,736	\$299	\$3,588
	55-59	0.456	\$160,263	0.14%	2.3	\$552,907	\$252	\$3,024
	60-64	0.770	\$160,263	0.00%	0.0	\$0	\$0	\$0
	65+	1.443	\$160,263	0.00%	0.0	\$0	\$0	\$0
				10.1	\$2,427,984	\$669	\$8,028	
2 x annual comp								
BU	0-29	0.045	\$63,969	0.96%	15.5	\$1,983,039	\$89	\$1,068
	30-34	0.050	\$63,969	2.00%	32.4	\$4,145,191	\$207	\$2,484
	35-39	0.083	\$63,969	5.10%	82.5	\$10,554,885	\$876	\$10,512
	40-44	0.111	\$63,969	7.23%	117.0	\$14,968,746	\$1,662	\$19,944
	45-49	0.161	\$63,969	8.06%	130.4	\$16,683,115	\$2,686	\$32,232
	50-54	0.283	\$63,969	5.58%	90.3	\$11,552,801	\$3,269	\$39,228
	55-59	0.456	\$63,969	3.24%	52.4	\$6,703,951	\$3,057	\$36,684
	60-64	0.770	\$63,969	1.38%	22.3	\$2,853,017	\$2,197	\$26,364
	65+	1.443	\$63,969	0.40%	6.5	\$831,597	\$1,200	\$14,400
				549.3	\$70,276,342	\$15,243	\$182,916	
Total Supplemental Premium for 3-1/2 x annual comp coverage					884	\$109,817,795	\$24,657	\$295,884
				BU	620	\$74,766,968	\$16,297	\$195,564
				MERIT	400	\$40,004,141	\$9,642	\$115,704
				EXEC	14	\$2,700,431	\$879	\$10,548
Total Supplemental Premium for 2-1/2 & 3-1/2 times annual comp coverage					1034	\$117,471,540	\$26,818	\$321,816

Hawaiian Electric Co., Inc.
Calculation of Group Life Insurance - Supplemental
for \$50,000 Coverage*
2009

		a	b	c	d	e	f	g
		Monthly	2009	% of	2009	2009	Monthly	2009
Age		Rate	Average	Participation	Projected	Supplemental	Premium	Annual
		Per \$1000	Supplemental	1/1/2008	Participation	Coverage	(a/\$1000 x e)	Premium
			Coverage			Amount		(f x 12)
						(b x c)		
BU	0-29	0.045	\$4,140	0.07%	1.1	\$4,554	\$0	\$0
	30-34	0.050	\$4,140	0.00%	0.0	\$0	\$0	\$0
	35-39	0.083	\$4,140	0.00%	0.0	\$0	\$0	\$0
	40-44	0.111	\$4,140	0.00%	0.0	\$0	\$0	\$0
	45-49	0.161	\$4,140	0.00%	0.0	\$0	\$0	\$0
	50-54	0.283	\$4,140	0.07%	1.1	\$4,554	\$1	\$12
	55-59	0.456	\$4,140	0.07%	1.1	\$4,554	\$2	\$24
	60-64	0.770	\$4,140	0.00%	0.0	\$0	\$0	\$0
	65+	1.443	\$4,140	0.00%	0.0	\$0	\$0	\$0
				3.3	\$13,662	\$3	\$36	
MERIT	0-29	0.045	\$0	0.00%	0.0	\$0	\$0	\$0
	30-34	0.050	\$0	0.00%	0.0	\$0	\$0	\$0
	35-39	0.083	\$0	0.00%	0.0	\$0	\$0	\$0
	40-44	0.111	\$0	0.00%	0.0	\$0	\$0	\$0
	45-49	0.161	\$0	0.00%	0.0	\$0	\$0	\$0
	50-54	0.283	\$0	0.00%	0.0	\$0	\$0	\$0
	55-59	0.456	\$0	0.00%	0.0	\$0	\$0	\$0
	60-64	0.770	\$0	0.00%	0.0	\$0	\$0	\$0
	65+	1.443	\$0	0.00%	0.0	\$0	\$0	\$0
				0.0	\$0	\$0	\$0	
Total Supplement Premium for \$50,000 coverage					3	\$13,662	\$3	\$36

* Employees who elect \$50,000 coverage with a portion subject to supplemental rates

Hawaiian Electric Co., Inc.

Calculation of Dependent Life Insurance 2009

Plan	Participation as of Jan-08	No. of Emp Enrolled	Annual Rate	TOTAL
10K	6.60%	107	\$21.36	\$2,286
25K	43.00%	696	\$56.40	<u>\$39,254</u>
				\$41,540

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\$41,540

Hawaiian Electric Co., Inc.

**Calculation of Accidental Death & Dismemberment
2009**

	MERIT	BU	TOTAL
Average Single Coverage ¹	\$189,512	\$187,069	
Salary/Wage Adjustment ²	x 1.0350 \$196,145	x 1.0350 \$193,616	
Projected No. of Merit and BU Employees ³	x 783 \$153,581,535	x 835 \$161,669,360	
Average Merit plus BU Single Coverage			\$194,840
Participation Annual Single Rate			x 482 0.00036
Single Coverage Premium			\$33,809
Average Family Coverage ¹	\$232,988	\$206,240	
Salary/Wage Adjustment ²	x 1.0350 \$241,143	x 1.0350 \$213,458	
Projected No. of Merit and BU Employees ³	x 783 \$188,814,969	x 835 \$178,237,430	
Average Merit plus BU Family Coverage			\$226,856
Participation Annual Family Rate			x 825 0.000600
Family Coverage Premium			\$112,294
			TOTAL \$146,103
		778 PHE NE NPFZZZZZ 509	\$146,103

Note:

¹ Average Single and Family Coverages Amounts based on 1/1/2008 Enrollment

² Salary/Wage cut-off for 1/1/2008 Enrollment is 10/1/2007; therefore, for 2009:

Merit salary = 10/1/2007 salary + 5/1/2008 increase

BU wage = 10/1/2007 wages + 11/1/2007 increase

³ No. of Merit Employees 48.42%
No. of BU Employees 51.58%

4004 SW Kruse Way Place, Suite 150, Lake Oswego, OR 97035
Tel (503) 765-3953 • Toll Free (800) 864-3916 ext. 3953 • Fax (503) 697-0691
jpanosh@metlife.com

John E. Panosh
Account Executive

Registered Representative

Exhibit I
MetLife[®]

July 7, 2008

Lorraine Nakasone
Aon Consulting
P. O. Box 201
Honolulu, HI 96810

Re: Metropolitan Life Insurance Company – HEI LTD Renewal Effective January 1, 2009

Dear Lorraine:

Our underwriters have reviewed the census and claims information for Hawaiian Electric Industries. I have attached their analysis for your review. The story of this group's recent claims history has not changed since our preliminary discussion regarding their renewal. That is, with the exception of plan year 2005, the group's experience continues to run well below both our manual rates and the group's current rates.

As a result, our underwriter has offered a 19% rate decrease with a 2-year rate guarantee. The revised rates are attached for your convenience. As we have discussed several times, we could also change the rates so that they were provided on a composite basis for both populations, as our manual rates indicate the rates for the two groups' plans should be within \$.01/\$100 CP of each other. Let me know if you want me to have underwriting develop the exact numbers.

We are grateful for the relationship we have with you and the staff at Hawaiian Electric Industries, and look forward to continuing it for many years to come.

Sincerely,



John Panosh



Hawaiian Electric Industries

RENEWAL RATE ADJUSTMENTS

Coverage	Current Rate/Fee	Renewal Rate/Fee	Change in Rate/Fee +/- %
Long Term Disability			
Salaried	\$0.48	\$0.39	-19%
IBEW	\$0.37	\$0.30	



September 22, 2009

Julie Price
Manager, Compensation and Benefits
Hawaiian Electric Company
PO Box 2750
Honolulu, HI 96840-0001

See pages 14-15 for 2009 rates

Dear Julie,

Enclosed are the requested HMSA alternative 2009 renewal proposals for Hawaiian Electric Company's Active employees under a Retrospective Rating arrangement.

We have provided in Exhibits A through E, 2009 renewal rates using 2-years of experience to rate the January 1, 2009 through December 31, 2009 renewal. Using the 2-year experience period, the revised overall rate increase calculated an overall 18.5% rate increase from 2008 plan rates. This is down from the originally calculated 22.1% overall rate calculation. Retention for the 2-year experience period renewal will be 7% of annual dues.

Should the revised renewal using a 2-year experience period be accepted for the 2009 plan year then HMSA will use a 2-year experience period to rate HECO's future Active employee's renewal.

The following exhibits present the pertinent aspects of the revised renewal using a 2-year experience period, 18.5% overall increase.

Exhibit A provides the revised medical rate change workup that calculates a 20.5% increase

Exhibit B provides the revised drug rate change workup that calculates an 11.5% increase

Exhibit C presents the renewal rates of the overall 18.5% rate increase

Exhibit D provides the COBRA rates of the overall 18.5% increase

Exhibit E presents the overall rate change worksheet

HMSA can offer HECO a Contingent Rating arrangement under the framework of the Retrospective Arrangement provided a risk charge typically associated with our Contingent Rating Arrangement be included in the rate. Exhibits 1 through 4 present the outline of the 2009 Retrospective / Contingent Arrangement renewal using a 2-year experience period. Retention under this arrangement will be 7.1% of billed dues less risk charges.



The following exhibits present the Retrospective / Contingent Arrangement, 16.2% overall increase.

Exhibit 1 provides a narrative of the Retrospective / Contingent Arrangement using a 24-month experience period. Please note that bullet 3 outlines the conditions under which a 50% credit of risk charge may be rolled forward under this arrangement.

Exhibit 2 presents the 2009 renewal rates of the Retrospective / Contingent Arrangement

Exhibit 3 provides the COBRA rates of the Retrospective / Contingent Arrangement

Exhibit 4 presents the overall rate change worksheet that details the 16.2% rate increase of the Retrospective / Contingent arrangement.

Please feel free to contact me should there be any questions regarding the above rating alternatives presented for the 2009 plan year.

Sincerely,

A handwritten signature in black ink, appearing to read "John A. Hamakawa", is placed above the printed name.

John A. Hamakawa
Manager, Corporate Accounts
Account Management & Sales

C: Myra O'Brien
Mark Fukuhara
Joni Tamayo-Wilson
Lorraine Nakasone

	A	B	C	D	E	F	G	H
1	EXHIBIT A							
2	RETROSPECTIVE ACCOUNT:		RENEWAL CALCULATION - MEDICAL					
3	24 MONTH EXPERIENCE PERIOD		R080 HECO ACTIVES					
4	Effective Date:		1/1/09 - 12/31/09					
5	Beginning Date of Experience Period		April 1, 2006					
6	Ending Date of Experience Period:		March 31, 2008					
7	Number of months of trend:		27					
8	Cumulative Subscribers:		42,449					
9	Cumulative Members:		116,072					Column F / F13
10								
11								
12			Current Monthly Rate Per Subscriber			TOTAL	PMPM	PERCENT OF CURRENT INCOME
13	CURRENT 24-MONTH INCOME (F12 MULTIPLIED BY C8)					\$377.83		
14						\$ 16,038,506	\$ 138.18	
15			Estimated Fully Incurred Benefits			\$ 14,074,532	\$ 121.26	87.8%
16	Annual Trend				0.099			
17	Months of trend:				27			
18	Benefit Trend Adjustment					1,237		
19	TOTAL TRENDED BENEFITS (Line 15 times Line 18)					\$ 17,410,196	\$ 149.99	108.6%
20	Managed Care/Quality Programs					\$ 618,605	\$ 5.33	3.9%
21	TOTAL PROJECTED BENEFITS (Line 19 plus Line 20)					\$ 18,028,801	\$ 155.32	112.4%
22								
23	Retention Needed					\$ 1,242,750	\$ 10.71	7.7%
24	TOTAL PROJECTED BENEFITS AND RETENTION (F21 plus F23)					\$ 19,271,551	\$ 166.03	120.2%
25								
26	RISK CHARGE					\$ -	\$ -	0.0%
27	NET PROJECTED BENEFITS AND RETENTION (Line 24 plus Line 36)					\$ 19,271,551	\$ 166.03	120.2%
28								
29	CALCULATED RATE ADJUSTMENT (H32 - 1							20.2%
30	APPLIED RATE ADJUSTMENT (SUBJECT TO APPROVAL							20.2%

A	B	C	D	E	F	G	H
1	EXHIBIT B	RENEWAL CALCULATION - DRUG					
2	RETROSPECTIVE ACCOUNT:	R080					
3	24 MONTH EXPERIENCE PERIOD						
4	Effective Date	1/1/09 - 12/31/09					
5	Beginning Date of Experience Period:	April 1, 2006					
6	Ending Date of Experience Period:	March 31, 2008					
7	Number of months of trend:	27					
8	Cumulative Subscribers:	41,506					
9	Cumulative Members:	114,171					
10							
11							
12	Current Monthly Rate Per Subscriber						
13	CURRENT 24-MONTH INCOME (F12 MULTIPLIED BY C8)						
14							
15	Estimated Fully Incurred Benefits						
16	Drug Plan Reimbursement Adjustment						
17							
18	Adjusted Incurred Benefits (F15 plus F16)						
19	Annual Trend						
20	Months of trend:						
21	Benefit Trend Adjustment (1 plus E19 ^ (E20/12))						
22							
23	TOTAL TRENDED BENEFITS (F18 times F21)						
24	Drug Rebate						
25	TOTAL PROJECTED BENEFITS (Line 23 plus Line 24)						
26							
27							
28	Retention Needed						
29							
30	TOTAL PROJECTED BENEFITS AND RETENTION (F25 plus F28)						
31							
32	RISK CHARGE						
33	NET PROJECTED BENEFITS AND RETENTION (Line 30 plus Line 32)						
34							
35	CALCULATED RATE ADJUSTMENT (H33 - 1)						
36	APPLIED RATE ADJUSTMENT (SUBJECT TO APPROVAL)						

EXHIBIT C

Account: HAWAIIAN ELECTRIC COMPANY - ACTIVES (R080)

Schedule of Proposed Rates for Retrospective Arrangement *(using 24-months experience)*

Contract Period : January 1, 2009 through December 31, 2009

SUMMARY OF RATES FOR HAWAIIAN ELECTRIC INDUSTRIES, INC. - ACTIVES
(For Bargaining and Non-Bargaining Units)

623 -1 HECO BU PPP
10437 -1 HEI BOD PPP (COBRA)
68622 -1 HECO BU PPP (COBRA)
99380 -1 HECO BU PPP LTD
5331 -1 HELCO BU PPP
56326 -1 HELCO BU PPP (COBRA)
98924 -1 HELCO BU PPP LTD
9744 -1 MECO BU PPP
68098 -1 MECO BU PPP (COBRA)
98921 -1 MECO BU PPP LTD
50463 -1 HECO NBU PPP
56314 -1 HECO NBU PPP (COBRA)
98919 -1 HECO NBU PPP LTD
45281 -1 HELCO NBU PPP
56402 -1 HELCO NBU PPP (COBRA)
99385 -1 HELCO NBU PPP LTD
39409 -1 MECO NBU PPP
56411 -1 MECO NBU PPP (COBRA)
99382 -1 MECO NBU PPP LTD
54558 -1 HEI PPP
54558 -6 HPC PPP
62044 -1 HEI PPP (COBRA)
84752 -1 HPC PPP (COBRA)
56916 -1 PECS PPP
56916 -2 PECS PPP (COBRA)
97667 -1 HEI BOD PPP

	PPP <u>RATES</u> 625	DRUG <u>RATES</u> 395	TOTAL RETROSPECTIVE <u>RATES</u>
Single	\$178.94	\$63.81	\$242.75
Sub/Spouse	\$479.43	\$114.89	\$594.32
Sub/Child(ren)	\$398.04	\$95.76	\$493.80
Family	\$521.12	\$121.27	\$642.39

Rates are subject to approval.

Rates for COBRA groups do not include administrative fees.

Group numbers and group names listed are as of 8-6-08.

EXHIBIT C

Account: HAWAIIAN ELECTRIC COMPANY - ACTIVES (R080)
Schedule of Proposed Rates for Retrospective Arrangement (using 24-months experience)
Contract Period : January 1, 2009 through December 31, 2009

SUMMARY OF RATES FOR HAWAIIAN ELECTRIC INDUSTRIES, INC. - ACTIVES
(For Bargaining and Non-Bargaining Units)

62469 -1 HECO BU HPH
69487 -1 HECO BU HPH (COBRA)
98920 -1 HECO BU HPH LTD
62471 -1 HELCO BU HPH
69489 -1 HELCO BU HPH (COBRA)
99384 -1 HELCO BU HPH LTD
62473 -1 MECO BU HPH
69491 -1 MECO BU HPH (COBRA)
99383 -1 MECO BU HPH LTD
60863 -1 HECO NBU HPH
62977 -1 HECO NBU HPH (COBRA)
99381 -1 HECO NBU HPH LTD
60865 -1 HELCO NBU HPH
69488 -1 HELCO NBU HPH (COBRA)
98923 -1 HELCO NBU HPH LTD
60866 -1 MECO NBU HPH
69490 -1 MECO NBU HPH (COBRA)
98922 -1 MECO NBU HPH LTD
80160 -1 HEI HPH
84674 -1 HEI HPH (COBRA)
80162 -1 HPC HPH
84676 -1 HPC HPH (COBRA)
63100 -2 PECS HPH
63112 -1 PECS HPH (COBRA)

	<u>HPH</u> <u>RATES</u> Z-N	<u>DRUG</u> <u>RATES</u> 396	<u>TOTAL</u> <u>RETROSPECTIVE</u> <u>RATES</u>
Single	\$226.36	\$63.81	\$290.17
Sub/Spouse	\$566.45	\$114.89	\$681.34
Sub/Child(ren)	\$470.37	\$95.76	\$566.13
Family	\$620.64	\$121.27	\$741.91

Rates are subject to approval.
Rates for COBRA groups do not include administrative fees.
Group numbers and group names listed are as of 8-6-08

EXHIBIT C

Account: HAWAIIAN ELECTRIC COMPANY - ACTIVES (R080)
Schedule of Proposed Rates for Retrospective Arrangement (using 24-months experience)
Contract Period : January 1, 2009 through December 31, 2009

SUMMARY OF RATES FOR HAWAIIAN ELECTRIC INDUSTRIES, INC. - ACTIVES
(For Bargaining and Non-Bargaining Units)

82383 -1 HECO BU HPH
84541 -1 HECO BU HPH (COBRA)
82385 -1 HELCO BU HPH
84750 -1 HELCO BU HPH (COBRA)
82384 -1 MECO BU HPH
84751 -1 MECO BU HPH (COBRA)

	<u>HPH RATES Z-N</u>	<u>TOTAL RETROSPECTIVE RATES</u>
Single	\$226.36	\$226.36
Sub/Spouse	\$566.45	\$566.45
Sub/Child(ren)	\$470.37	\$470.37
Family	\$620.64	\$620.64

Rates are subject to approval.
Rates for COBRA groups do not include administrative fees.
Group numbers and group names listed are as of 8-6-08.

EXHIBIT D

Account: HAWAIIAN ELECTRIC COMPANY - ACTIVES

Schedule of Proposed Rates for Retrospective Arrangement (*using 24-months experience*)

Contract Period : January 1, 2009 through December 31, 2009

SUMMARY OF 102% COBRA RATES FOR HAWAIIAN ELECTRIC INDUSTRIES, INC. - ACTIVES
(For Bargaining and Non-Bargaining Units)

10437 -1 HEI BOD PPP (COBRA)
68622 -1 HECO BU PPP (COBRA)
56326 -1 HELCO BU PPP (COBRA)
68098 -1 MECO BU PPP (COBRA)
56314 -1 HECO NBU PPP (COBRA)
56402 -1 HELCO NBU PPP (COBRA)
56411 -1 MECO NBU PPP (COBRA)
62044 -1 HEI PPP (COBRA)
84752 -1 HPC PPP (COBRA)
56916 -2 PECS PPP (COBRA)

	<u>PPP RATES</u> 625	<u>DRUG RATES</u> 395	<u>TOTAL COBRA RATES</u>
Single	\$182.51	\$65.08	\$247.59
Sub/Spouse	\$489.01	\$117.18	\$606.19
Sub/Child(ren)	\$406.00	\$97.67	\$503.67
Family	\$531.54	\$123.69	\$655.23

69487 -1 HECO BU HPH (COBRA)
69489 -1 HELCO BU HPH (COBRA)
69491 -1 MECO BU HPH (COBRA)
62977 -1 HECO NBU HPH (COBRA)
69488 -1 HELCO NBU HPH (COBRA)
69490 -1 MECO NBU HPH (COBRA)
84674 -1 HEI HPH (COBRA)
84676 -1 HPC HPH (COBRA)
63112 -1 PECS HPH (COBRA)

	<u>HPH RATES</u> Z-N	<u>DRUG RATES</u> 396	<u>TOTAL COBRA RATES</u>
Single	\$230.88	\$65.08	\$295.96
Sub/Spouse	\$577.77	\$117.18	\$694.95
Sub/Child(ren)	\$479.77	\$97.67	\$577.44
Family	\$633.05	\$123.69	\$756.74

Rates are subject to approval.

Group numbers and group names listed are as of 8-6-08

EXHIBIT D

Account: HAWAIIAN ELECTRIC COMPANY - ACTIVES

Schedule of Proposed Rates for Retrospective Arrangement (using 24-months experience)

Contract Period : January 1, 2009 through December 31, 2009

SUMMARY OF 102% COBRA RATES FOR HAWAIIAN ELECTRIC INDUSTRIES, INC. - ACTIVES
(For Bargaining and Non-Bargaining Units)

84541 -1 HECO BU HPH (COBRA)
84750 -1 HELCO BU HPH (COBRA)
84751 -1 MECO BU HPH (COBRA)

	<u>HPH</u> <u>RATES</u> Z-N	<u>TOTAL</u> <u>COBRA</u> <u>RATES</u>
Single	\$230.88	\$230.88
Sub/Spouse	\$577.77	\$577.77
Sub/Child(ren)	\$479.77	\$479.77
Family	\$633.05	\$633.05

Rates are subject to approval.
Group numbers and group names listed are as of 8-6-08.

	A	B	C	D	E	F	G	H	I
1	EXHIBIT E								
2	OVERALL RATE CALCULATION WORKSHEET								
3	RETROSPECTIVE ACCOUNT: R080								
4	CURRENT CONTRACT YEAR: JANUARY 1, 2008 THROUGH DECEMBER 31, 2008								
5	NEW CONTRACT YEAR: JANUARY 1, 2009 THROUGH DECEMBER 31, 2009								
6	SUBSCRIBERS AS OF MARCH 31, 2008								
7									
8				(col. B * (1+col. C))			(col. B * col. E)		(col. D * col. E)
9		CURRENT	RATE	NEW	SUBSCRIBER		CURRENT MONTHLY		NEW MONTHLY
10	CONTRACT TYPE	RATES	CHANGE	RATES	COUNT		INCOME		INCOME
11	PPP 625								
12	SINGLE	\$148.87	20.2%	\$178.94	252		\$37,515.24		\$45,092.88
13	SUB/SPOUSE	\$398.86	20.2%	\$479.43	166		\$66,210.76		\$79,585.38
14	SUB/CHILD(REN)	\$331.15	20.2%	\$398.04	60		\$19,869.00		\$23,882.40
15	FAMILY	\$433.54	20.2%	\$521.12	460		\$199,428.40		\$239,715.20
16									
17	HMO Z-N								
18	SINGLE	\$188.32	20.2%	\$226.36	230		\$43,313.60		\$52,062.80
19	SUB/SPOUSE	\$471.26	20.2%	\$566.45	154		\$72,574.04		\$87,233.30
20	SUB/CHILD(REN)	\$391.32	20.2%	\$470.37	66		\$25,827.12		\$31,044.42
21	FAMILY	\$516.34	20.2%	\$620.64	431		\$222,542.54		\$267,495.84
22	TOTAL MEDICAL (SUM LINES 11 TO 20)				1,819		\$687,280.70		\$826,112.22
23	CURRENT MEDICAL RATE PER SUBSCRIBER (G21/E21)						\$377.83		
24									
25	DRUG 395								
26	SINGLE	\$57.23	11.5%	\$63.81	252		\$14,421.96		\$16,080.12
27	SUB/SPOUSE	\$103.04	11.5%	\$114.89	166		\$17,104.64		\$19,071.74
28	SUB/CHILD(REN)	\$85.88	11.5%	\$95.76	60		\$5,152.80		\$5,745.60
29	FAMILY	\$108.76	11.5%	\$121.27	460		\$50,029.60		\$55,784.20
30									
31	DRUG 396								
32	SINGLE	\$57.23	11.5%	\$63.81	201		\$11,503.23		\$12,825.81
33	SUB/SPOUSE	\$103.04	11.5%	\$114.89	152		\$15,662.08		\$17,463.28
34	SUB/CHILD(REN)	\$85.88	11.5%	\$95.76	63		\$5,410.44		\$6,032.88
35	FAMILY	\$108.76	11.5%	\$121.27	421		\$45,787.96		\$51,054.67
36	TOTAL DRUG (SUM LINES 25 TO 34)				1,775		\$165,072.71		\$184,058.30
37	CURRENT DRUG RATE PER SUBSCRIBER (G35/E35)						\$93.00		
38									
39									
40	TOTAL PLAN (add lines 21 plus 35)						\$852,353.41		\$1,010,170.52
41	OVERALL RATE CHANGE ((I39 divided by G39)-1)								18.5%

EXHIBIT 1
HAWAIIAN ELECTRIC COMPANY - ACTIVES
HMSA's Retrospective / Contingent Arrangement (using 24-months experience)
Effective Date: January 1, 2009 through December 31, 2009

1. All benefits incurred under your current contract will be administered under the current terms, including benefits which are incurred but unpaid through December 31, 2008.
2. Under this arrangement, Hawaiian Electric Company would pay to HMSA monthly prepaid dues. Monthly dues payable by Hawaiian Electric Company will be calculated by multiplying the rates shown on Exhibit 2 by the number of subscribers enrolled in each category during the course of the contract period.
3. Monthly risk charges payable by Hawaiian Electric Company for this arrangement will be calculated by multiplying the rates shown on Exhibit 2 by the number of medical subscribers enrolled during the course of the contract period.
4. By the end of the fourth month subsequent to the end of the contract period, an Annual Accounting Report will be prepared by HMSA comparing the dues paid by the group (based on the rates shown on Exhibit 2), less risk charges, less retention, to estimated incurred benefits paid by HMSA, including incurred benefits not yet reported (IBNR) in the contract period, less estimated drug program credit. HMSA will reconcile this estimate of incurred benefits and drug program credit with actual incurred benefits and drug program credit at the time of the next contract term's Annual Accounting Report.
 - a. Gains: If total incurred benefits, less estimated drug program credit, is less than 92.9% of the total plan dues less risk charges paid by Hawaiian Electric Company during the contract period, the excess dues shall be considered a gain.
 - b. Losses: If total incurred benefits, less estimated drug program credit, exceeds 92.9% of the total plan dues less risk charges paid by Hawaiian Electric Company during the contract period, the excess benefits shall be considered a loss.

If a gain is determined, the gain will be rolled forward to offset future losses.

If an accumulated gain exceeds 5% of the account's annualized premium, then the excess amount may be used to reduce the premium payments. Additionally, if a gain is realized during the 2009 contract while under the Retrospective / Contingent Arrangement, HMSA will roll forward a credit of 50% of the risk charges collected under the 2009 Retrospective / Contingent Arrangement.

If a loss is determined, the loss will be carried forward and recovered from future gains.

If an accumulated loss exceeds 5% of the account's annualized premium, then HMSA will increase rating factors and/or premiums to recover losses in excess of 5% during the next contract period. If a loss is realized during the 2009 contract while under the Retrospective / Contingent Arrangement, HMSA will not credit any portion of the risk charges collected under the 2009 Retrospective / Contingent Arrangement.

5. HMSA's retention for the contract period will be 7.1% of total annual dues less risk charges.
6. If Hawaiian Electric Company terminates this contract at any time and there is an overall loss, this loss shall be payable to HMSA within 30 days. If there is a gain, this gain will be returned to Hawaiian Electric Company.

EXHIBIT 2

Account: HAWAIIAN ELECTRIC COMPANY - ACTIVES (R080)

Schedule of Proposed Rates for Retrospective / Contingent Arrangement (*using 24-months experience*)

Contingent Premium Arrangement- Reduce rates 3%

Contract Period : January 1, 2009 through December 31, 2009

SUMMARY OF RATES FOR HAWAIIAN ELECTRIC INDUSTRIES, INC. - ACTIVES
(For Bargaining and Non-Bargaining Units)

623 -1 HECO BU PPP
10437 -1 HEI BOD PPP (COBRA)
68622 -1 HECO BU PPP (COBRA)
99380 -1 HECO BU PPP LTD
5331 -1 HELCO BU PPP
56326 -1 HELCO BU PPP (COBRA)
98924 -1 HELCO BU PPP LTD
9744 -1 MECO BU PPP
68098 -1 MECO BU PPP (COBRA)
98921 -1 MECO BU PPP LTD
50463 -1 HECO NBU PPP
56314 -1 HECO NBU PPP (COBRA)
98919 -1 HECO NBU PPP LTD
45281 -1 HELCO NBU PPP
56402 -1 HELCO NBU PPP (COBRA)
99385 -1 HELCO NBU PPP LTD
39409 -1 MECO NBU PPP
56411 -1 MECO NBU PPP (COBRA)
99382 -1 MECO NBU PPP LTD
54558 -1 HEI PPP
54558 -6 HPC PPP
62044 -1 HEI PPP (COBRA)
84752 -1 HPC PPP (COBRA)
56916 -1 PECS PPP
56916 -2 PECS PPP (COBRA)
97667 -1 HEI BOD PPP

	PPP BILLED RATES 625	DRUG RATES 395	TOTAL RETROSPECTIVE RATES	0.6% RISK CHARGE	TOTAL WITH RISK CHARGES
Single	\$173.57	\$63.81	\$237.38	\$1.04	\$238.42
Sub/Spouse	\$465.05	\$114.89	\$579.94	\$2.79	\$582.73
Sub/Child(ren)	\$386.10	\$95.76	\$481.86	\$2.32	\$484.18
Family	\$505.48	\$121.27	\$626.75	\$3.03	\$629.78

Rates are subject to approval.

Rates for COBRA groups do not include administrative fees.

Group numbers and group names listed are as of 8-6-08.

EXHIBIT 2

Account: HAWAIIAN ELECTRIC COMPANY - ACTIVES (R080)

Schedule of Proposed Rates for Retrospective / Contingent Arrangement (using 24-months experience)

Contingent Premium Arrangement- Reduce rates 3%

Contract Period : January 1, 2009 through December 31, 2009

SUMMARY OF RATES FOR HAWAIIAN ELECTRIC INDUSTRIES, INC. - ACTIVES
(For Bargaining and Non-Bargaining Units)

62469 -1 HECO BU HPH
69487 -1 HECO BU HPH (COBRA)
98920 -1 HECO BU HPH LTD
62471 -1 HELCO BU HPH
69489 -1 HELCO BU HPH (COBRA)
99384 -1 HELCO BU HPH LTD
62473 -1 MECO BU HPH
69491 -1 MECO BU HPH (COBRA)
99383 -1 MECO BU HPH LTD
60863 -1 HECO NBU HPH
62977 -1 HECO NBU HPH (COBRA)
99381 -1 HECO NBU HPH LTD
60865 -1 HELCO NBU HPH
69488 -1 HELCO NBU HPH (COBRA)
98923 -1 HELCO NBU HPH LTD
60866 -1 MECO NBU HPH
69490 -1 MECO NBU HPH (COBRA)
98922 -1 MECO NBU HPH LTD
80160 -1 HEI HPH
84674 -1 HEI HPH (COBRA)
80162 -1 HPC HPH
84676 -1 HPC HPH (COBRA)
63100 -2 PECS HPH
63112 -1 PECS HPH (COBRA)

	<u>HPH BILLED RATES</u> Z-N	<u>DRUG RATES</u> 396	<u>TOTAL RETROSPECTIVE RATES</u>	<u>0.6% RISK CHARGE</u>	<u>TOTAL WITH RISK CHARGES</u>
Single	\$219.57	\$63.81	\$283.38	\$1.32	\$284.70
Sub/Spouse	\$549.46	\$114.89	\$664.35	\$3.30	\$667.65
Sub/Child(ren)	\$456.26	\$95.76	\$552.02	\$2.74	\$554.76
Family	\$602.02	\$121.27	\$723.29	\$3.61	\$726.90

Rates are subject to approval.

Rates for COBRA groups do not include administrative fees.

Group numbers and group names listed are as of 8-6-08.

EXHIBIT 2

Account: HAWAIIAN ELECTRIC COMPANY - ACTIVES (R080)

Schedule of Proposed Rates for Retrospective / Contingent Arrangement (using 24-months experience)

Contingent Premium Arrangement- Reduce rates 3%

Contract Period : January 1, 2009 through December 31, 2009

SUMMARY OF RATES FOR HAWAIIAN ELECTRIC INDUSTRIES, INC. - ACTIVES
(For Bargaining and Non-Bargaining Units)

82383 -1 HECO BU HPH
84541 -1 HECO BU HPH (COBRA)
82385 -1 HELCO BU HPH
84750 -1 HELCO BU HPH (COBRA)
82384 -1 MECO BU HPH
84751 -1 MECO BU HPH (COBRA)

	<u>HPH BILLED RATES</u> Z-N	<u>TOTAL RETROSPECTIVE RATES</u>	<u>0.6% RISK CHARGE</u>	<u>TOTAL WITH RISK CHARGES</u>
Single	\$219.57	\$219.57	\$1.32	\$220.89
Sub/Spouse	\$549.46	\$549.46	\$3.30	\$552.76
Sub/Child(ren)	\$456.26	\$456.26	\$2.74	\$459.00
Family	\$602.02	\$602.02	\$3.61	\$605.63

Rates are subject to approval.

Rates for COBRA groups do not include administrative fees.

Group numbers and group names listed are as of 8-6-08.

EXHIBIT 3

Account: HAWAIIAN ELECTRIC COMPANY - ACTIVES

Schedule of Proposed Rates for Retrospective / Contingent Arrangement (using 24-months experience)

Contingent Premium Arrangement- Reduce rates 3%

Contract Period : January 1, 2009 through December 31, 2009

SUMMARY OF 102% COBRA RATES FOR HAWAIIAN ELECTRIC INDUSTRIES, INC. - ACTIVES
(For Bargaining and Non-Bargaining Units)

10437 -1 HEI BOD PPP (COBRA)
68622 -1 HECO BU PPP (COBRA)
56326 -1 HELCO BU PPP (COBRA)
68098 -1 MECO BU PPP (COBRA)
56314 -1 HECO NBU PPP (COBRA)
56402 -1 HELCO NBU PPP (COBRA)
56411 -1 MECO NBU PPP (COBRA)
62044 -1 HEI PPP (COBRA)
84752 -1 HPC PPP (COBRA)
56916 -2 PECS PPP (COBRA)

	PPP BILLED RATES 625	DRUG RATES 395	TOTAL COBRA RATES
Single	\$178.08	\$65.08	\$243.16
Sub/Spouse	\$477.14	\$117.18	\$594.32
Sub/Child(ren)	\$396.14	\$97.67	\$493.81
Family	\$518.61	\$123.69	\$642.30

69487 -1 HECO BU HPH (COBRA)
69489 -1 HELCO BU HPH (COBRA)
69491 -1 MECO BU HPH (COBRA)
82977 -1 HECO NBU HPH (COBRA)
69488 -1 HELCO NBU HPH (COBRA)
69490 -1 MECO NBU HPH (COBRA)
84674 -1 HEI HPH (COBRA)
84676 -1 HPC HPH (COBRA)
63112 -1 PECS HPH (COBRA)

	HPH BILLED RATES Z-N	DRUG RATES 396	TOTAL COBRA RATES
Single	\$225.28	\$65.08	\$290.36
Sub/Spouse	\$563.74	\$117.18	\$680.92
Sub/Child(ren)	\$468.12	\$97.67	\$565.79
Family	\$617.67	\$123.69	\$741.36

Rates are subject to approval.

Group numbers and group names listed are as of 8-6-08

EXHIBIT 3

Account: HAWAIIAN ELECTRIC COMPANY - ACTIVES

Schedule of Proposed Rates for Retrospective / Contingent Arrangement (using 24-months experience)

Contract Period : January 1, 2009 through December 31, 2009

SUMMARY OF 102% COBRA RATES FOR HAWAIIAN ELECTRIC INDUSTRIES, INC. - ACTIVES
(For Bargaining and Non-Bargaining Units)

84541 -1 HECO BU HPH (COBRA)
84750 -1 HELCO BU HPH (COBRA)
84751 -1 MECO BU HPH (COBRA)

	HPH BILLED <u>RATES</u> Z-N	TOTAL COBRA <u>RATES</u>
Single	\$225.28	\$225.28
Sub/Spouse	\$563.74	\$563.74
Sub/Child(ren)	\$468.12	\$468.12
Family	\$617.67	\$617.67

Rates are subject to approval.
Group numbers and group names listed are as of 8-6-08.

	A	B	C	D	E	F	G	H	I	J
1	EXHIBIT 4: OVERALL RATE CHANGE WORKSHEET									
2	OVERALL RATE CALCULATION BASED ON BILLED RATES- REDUCE CONTRACT RATES BY 3%									
3	RETROSPECTIVE ACCOUNT: R080									
4	CURRENT CONTRACT YEAR: JANUARY 1, 2008 THROUGH DECEMBER 31, 2008									
5	NEW CONTRACT YEAR: JANUARY 1, 2009 THROUGH DECEMBER 31, 2009									
6	SUBSCRIBERS AS OF MARCH 31, 2008									
7										
8										
9				(B times* (1+C)*(1+D))				(col. B * col. F)		(col. E * col. F)
10	CONTRACT TYPE	RATES	RATE CHANGE	CONTINGENT PREMIUM %	NEW BILLED RATES	SUBSCRIBER COUNT		CURRENT MONTHLY INCOME		NEW MONTHLY BILLED INCOME
11	PPP 625									
12	SINGLE	\$148.87	20.2%	-3.0%	\$173.57	252		\$37,515.24		\$43,739.64
13	SUB/SPOUSE	\$398.86	20.2%	-3.0%	\$465.05	166		\$66,210.78		\$77,198.30
14	SUB/CHILD(REN)	\$331.15	20.2%	-3.0%	\$386.10	60		\$19,869.00		\$23,166.00
15	FAMILY	\$433.54	20.2%	-3.0%	\$505.48	460		\$199,428.40		\$232,520.80
16										
17	HMO Z-N									
18	SINGLE	\$188.32	20.2%	-3.0%	\$219.57	230		\$43,313.60		\$50,501.10
19	SUB/SPOUSE	\$471.26	20.2%	-3.0%	\$549.46	154		\$72,574.04		\$84,616.84
20	SUB/CHILD(REN)	\$391.32	20.2%	-3.0%	\$456.26	66		\$25,827.12		\$30,113.16
21	FAMILY	\$516.34	20.2%	-3.0%	\$602.02	431		\$222,542.54		\$259,470.62
22	TOTAL MEDICAL (SUM LINES 11 TO 20)						1,819	\$687,280.70		\$801,326.48
23	CURRENT MEDICAL RATE PER SUBSCRIBER (H21/F21)							\$377.83		
24					NEW CONTRACT RATES					
25	DRUG 395									
26	SINGLE	\$57.23	11.5%		\$63.81	252		\$14,421.96		\$16,080.12
27	SUB/SPOUSE	\$103.04	11.5%		\$114.89	166		\$17,104.64		\$19,071.74
28	SUB/CHILD(REN)	\$85.88	11.5%		\$95.76	60		\$5,152.80		\$5,745.60
29	FAMILY	\$108.76	11.5%		\$121.27	460		\$50,029.60		\$55,784.20
30										
31	DRUG 396									
32	SINGLE	\$57.23	11.5%		\$63.81	201		\$11,503.23		\$12,825.81
33	SUB/SPOUSE	\$103.04	11.5%		\$114.89	152		\$15,662.08		\$17,463.28
34	SUB/CHILD(REN)	\$85.88	11.5%		\$95.76	63		\$5,410.44		\$6,032.88
35	FAMILY	\$108.76	11.5%		\$121.27	421		\$45,787.96		\$51,054.67
36	TOTAL DRUG (SUM LINES 25 TO 34)						1,775	\$165,072.71		\$184,058.30
37	CURRENT DRUG RATE PER SUBSCRIBER (H35/F35)							\$93.00		
38										
39	TOTAL PLAN (add lines 21 plus 35)							\$852,353.41		\$985,384.76
40	OVERALL RATE CHANGE WITHOUT RISK CHARGE (J38 divided by H38)-1)									15.6%
41										
42										
43	CONTINGENT PREMIUM % RISK CHARGE (OF BILLED RATE)				0.6%					
44	PPP 625									
45	SINGLE				\$1.04	252				\$262.08
46	SUB/SPOUSE				\$2.79	166				\$463.14
47	SUB/CHILD(REN)				\$2.32	60				\$139.20
48	FAMILY				\$3.03	460				\$1,393.80
49										
50	HMO Z-N									
51	SINGLE				\$1.32	230				\$303.60
52	SUB/SPOUSE				\$3.30	154				\$508.20
53	SUB/CHILD(REN)				\$2.74	66				\$180.84
54	FAMILY				\$3.61	431				\$1,555.91



August 21, 2008

Ms. Julie Price
Director, Benefits
Hawaiian Electric Company, Inc.
P.O. Box 2750
Honolulu, HI 96840-0001

RE: Rate Renewal Effective January 1, 2009 through December 31, 2009

Dear Julie:

This correspondence is to inform you of the upcoming rate renewal for the Hawaiian Electric Company, Inc., that will be effective January 1, 2009 through December 31, 2009. The proposed rates are in alignment with the benefits that have been agreed upon with the bargained units for the companies that are associated with Hawaiian Electric Company, Inc. The benefit package for the 2009 plan year will be not be changing.

Active Employees:

Subgroups 009, 010, 011, 014, 020, 021:

Employee	\$260.10
Employee & Spouse	\$600.80
Employee & Child(ren)	\$499.36
Employee & Family	\$655.42

Subgroup 013:

Employee	\$260.10
Employee & Spouse	\$600.80
Employee & Child(ren)	\$499.36
Employee & Family	\$655.42

Retirees under 65:

Subgroups 018, 019, 023

Employee	\$468.17
Employee + One	\$936.35
Employee + Two or More	\$1,404.52

Subgroup 022

Employee	\$468.17
Employee + One	\$936.35
Employee + Two or More	\$1,404.52



Ms. Julie Price
August 30, 2007
Page 2

Retirees over 65 w/Prescription Drugs:

Employee	\$406.08
Employee + One	\$812.17
Employee + Two or More	\$1,218.25
Medicare Member	\$156.12
Medicare + Non-Medicare Spouse	\$562.20
Medicare + Medicare Spouse	\$312.24

Retirees over 65 w/o Prescription Drugs:

Employee	\$406.08
Employee + One	\$812.17
Employee + Two or More	\$1,218.25
Medicare Member	\$120.12
Medicare + Non-Medicare Spouse	\$526.20
Medicare + Medicare Spouse	\$240.24

I've enclosed the National Pricing Solutions (NPS) packet that includes the rate backup for the enrolled membership. We are preparing the medicare rates and will

Please review the information enclosed in this rate renewal packet and I look forward to meeting with you and your staff on Wednesday, September 5, 2007 at 9:00 am to review and go over any questions that you may have about the renewal. Please contact me at 292-6436 or via email at Rob.Chung@kp.org.

Sincerely,

A handwritten signature in black ink, appearing to read "Rob A. Chung".

Rob A. Chung
Senior Account Manager
Business Development



www.deltadentalhi.org

HDS

Hawaii Dental Service

October 27, 2008

Ms. Myra O'Brien
Benefits Administrator
Hawaiian Electric Industries, Inc.
P.O. Box 2750
Honolulu, HI 96840

RE: HEI
HDS Group No. 118

Dear Myra:

This letter confirms the addition of HDS's Evidence Based Plan, to enhance your current benefit plan. Normally the EBP includes the Implant, as an alternate benefit, but it is being excluded at this time.

HEI has also decided to accept a renewal calculation of <5.0%>. This decrease in premiums is a result of using some of the accumulated surplus. The proposed premiums for the 2009 plan year are noted below.

Active	Current	2009 Renewal <5.0%>	COBRA
Single	\$31.29	\$29.73	\$30.32
Two-Party	\$62.56	\$59.43	\$60.62
Family	\$89.52	\$85.04	\$86.74

Retirees	Current	2009 Renewal <5.0%>	COBRA
Composite	\$63.82	\$60.63	\$61.84
Single	\$40.12	\$38.11	\$38.87
Two-Party	\$80.25	\$76.24	\$77.76
Family	\$114.75	\$109.01	\$111.19

Thank you very much for your trust and confidence in HDS. Please let me know how I can be of further service to you and all of the employees and families of HEI.

Sincerely,

Neil Takeda
Senior Account Executive



Monica B. Engle
Senior Account Executive

July 29, 2008

Ms. Myra O'Brien
Benefits Administrator
HAWAIIAN ELECTRIC INDUSTRIES, INC.
P.O. Box 2750
Honolulu, HI 96840

RE: 2009 ALTERNATIVE RATE TIERING

Dear Myra:

Per your request, we are providing alternative rate tiering for HEI's vision plan. HEI's current contract term is for 24-months, through December 31, 2009. The following rates are revenue neutral to the inforce rates and their current tier structures: 3-tier for actives and Composite for retirees.

Current Rate Tiering:

<u>Active Employees</u>		<u>Retirees</u>	
Employee Only:	\$5.08	Composite:	\$10.85
Employee + 1 Dependent:	\$10.15		
Employee + 2 or More Dependents:	\$14.73		

Alternative Rate Tiering:

<u>Active Employees</u>		<u>Retirees</u>	
Employee Only:	\$5.08	Employee:	\$8.41
Employee + Spouse:	\$9.19	Employee + 1 Dependent:	\$12.19
Employee + Child/ren:	\$9.83	Employee + 2 or More Dependents:	\$21.87
Employee + Family:	\$15.71		

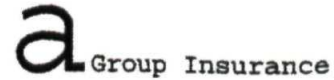
Please let me know if you require anything further. You may reach me at 524-4877, extension 13 or via email at monica.engle@vsp.com.

Sincerely,

MONICA B. ENGLE

Patricia Littleton
Account Manager
West Region
CA License: 0814638

August 12, 2008



Life • Accident • Disability

Ms. Lorraine Nakasone
Assistant Vice President
AON Consulting
201 Merchant Street, Suite 2400
Honolulu, HI 96813
e-Mail: lorraine.nakasone@aon.com

3636 Nobel Drive, Suite 150
San Diego, CA 92122
Patricia.littleton@cigna.com
(858) 625-5706
(860) 731-3462 fax

RE: Hawaiian Electric Industries, Inc. – Renewal 01/01/2009 * Revised *****
Core/Basic and Supplemental Life – FLI 050117
Voluntary AD&D – OK 0820810

Dear Lorraine:

Thank you again for allowing CIGNA Group Insurance to provide Life and Accident benefits this past year to Hawaiian Electric Industries. Hawaiian Electric has been a long standing client for CIGNA Group Insurance and we appreciate the opportunity to serve you both.

Our records show that the policies are up for renewal on January 1, 2009. Based on our review of the plan, associated rates and benefit strategy, we are pleased to continue their current programs with the following rate changes:

Required Rate Action:

Product	Current Rates	Renewal Rate	Coverage basis	% Change from inforce
Core/Basic Life - Active	\$0.20	\$0.15	\$1,000 of covered benefit	-25%
Retiree Life: HEI, HECO, HELCO, MECO	\$2.17	\$2.17	\$1,000 of covered benefit	0%
Retiree Life: HTB and YB	\$0.23	\$0.23	\$1,000 of covered benefit	0%
Supplemental Life	See Step Rates below	See Step Rates below	\$1,000 of covered benefit	-30% Employee -20% Dependent
Voluntary AD&D Employee	\$0.35	\$0.30	\$1,000 of covered benefit	-15%
Family	\$0.58	\$0.50	\$1,000 of covered benefit	-15%

Supplemental Life Step Rates - Employee

Age Band	Current Rates / \$1,000	Rates / \$1,000 Eff 1/1/2009
<30	\$0.064	\$0.045
30-34	\$0.072	\$0.050
35-39	\$0.119	\$0.083
40-44	\$0.159	\$0.111
45-49	\$0.230	\$0.161
50-54	\$0.404	\$0.283
55-59	\$0.651	\$0.456
60-64	\$1.100	\$0.770
65 +	\$2.062	\$1.443
Spouse/Dep Option 1	\$2.23 / Unit	\$1.78 / Unit
Spouse/Dep Option 2	\$5.87 / Unit	\$4.70 / Unit

Rate Action Rationale:

The Life policy is running favorably well.

- we are offering a 25% decrease on the employer paid Core/Basic Life coverage for active employees.
- We are offering an "as is" renewal position for Retiree Life coverage
- We are offering a 30% decrease on Supplemental Life for employees.
- We are offering a 20% decrease on Supplemental Life for dependents
- We are offering a 15% decrease on Voluntary AD&D coverage.
- The rate guaranteed period is 3 years and the next renewal will be January 1, 2012.

Again, thank you for allowing us to work with you and Hawaiian Electric Industries, Inc. We look forward to serving you both in the years to come. If you have any questions regarding this renewal position, please do not hesitate to call me.

Sincerely,

LIFE INSURANCE COMPANY OF NORTH AMERICA

Sincerely,

Patricia Littleton
Patricia Littleton
Account Manager

cc: Amy Guinan - CIGNA Group Insurance U/W
Brandon Owens - CIGNA Group Insurance Sales
Danielle Stark - CIGNA Group Insurance - Director of Account Management

Average Employee Count Calculation for Benefits Forecast

	Jan-09	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Total		Test Year Average
HECO-WP-1501 Update ⁽¹⁾																1636
Less: Part-Time/Temps																
Cust Svc	-14	-14	-14	-14	-14	-14	-14	-14	-14	-14	-14	-14	-14	-182		
Corporate Audit							-4	-4	-4	-2	-2	-2	-2	-20		
Technology	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-13		
WFSD	-1	-1	-1	-1	-2	-2	-2	-2	-2	-2	-2	-2	-2	-22		
Total Part-Time/Temps	-16	-16	-16	-16	-17	-17	-21	-21	-21	-19	-19	-19	-19	-237	-18.23	-18
Employee Count for Benefits																1618

Reference:

⁽¹⁾ Rate Case Update HECO T-15.

HR SUITE PROJECT
TOTAL PROJECT (ALL YEARS) COST
By Cost Type, Phase & Stage

(Thousands ¹)

Capital Deferred Expense	Cost Type	Phase 1				Phase 2				Project Total
		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	
Capital	Material	-	503	-	503	-	-	-	-	503
	Overhead	-	92	-	92	-	-	-	-	92
	Other	-	26	-	26	-	-	-	-	26
	Total	-	621	-	621	-	-	-	-	621
Deferred	Labor	-	798	-	798	-	173	-	173	971
	Overhead	-	489	-	489	-	96	-	96	585
	O/S Svc	-	2,910	-	2,910	-	427	-	427	3,337
	Other	-	1,078	-	1,078	-	-	-	-	1,078
	AFUDC	-	247	-	247	-	13	-	13	260
	Total	-	5,522	-	5,522	-	709	-	709	6,231
Expense - Not Reengineering	Labor	292	236	31	559	-	60	5	65	624
	Overhead	127	231	20	378	-	49	3	52	430
	O/S Svc	557	956	521	2,034	-	87	57	144	2,178
	Other	-	54	-	54	-	-	-	-	54
	AFUDC	-	-	-	-	-	-	-	-	-
	Total	976	1,477	572	3,025	-	196	65	261	3,286
Expense - Reengineering	Labor	-	22	-	22	-	-	-	-	22
	Overhead	-	17	-	17	-	-	-	-	17
	O/S Svc	-	33	-	33	-	-	-	-	33
	Total	-	72	-	72	-	-	-	-	72
Total	Total	976	7,692	572	9,240	-	905	65	970	10,210

1. The detail amounts are rounded which may cause differences in the totals.

HR SUITE PROJECT
HECO's PORTION OF TOTAL (ALL YEARS) COST
By Cost Type, Phase & Stage

(Thousands ¹)

Capital Deferred Expense	Cost Type	Phase 1				Phase 2				Project Total
		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	
Capital	Material	-	503	-	503	-	-	-	-	503
	Overhead	-	92	-	92	-	-	-	-	92
	Other	-	26	-	26	-	-	-	-	26
	Total	-	621	-	621	-	-	-	-	621
Deferred	Labor	-	474	-	474	-	105	-	105	579
	Overhead	-	269	-	269	-	54	-	54	323
	O/S Svc	-	1,944	-	1,944	-	286	-	286	2,230
	Other	-	704	-	704	-	-	-	-	704
	AFUDC	-	166	-	166	-	8	-	8	174
	Total	-	3,557	-	3,557	-	453	-	453	4,010
Expense - Not Reengineering	Labor	196	149	19	364	-	27	3	30	394
	Overhead	82	165	12	259	-	28	2	30	289
	O/S Svc	320	640	345	1,305	-	54	37	91	1,396
	Other	-	54	-	54	-	-	-	-	54
	AFUDC	-	-	-	-	-	-	-	-	-
	Total	598	1,008	376	1,982	-	109	42	151	2,133
Expense - Reengineering	Labor	-	13	-	13	-	-	-	-	13
	Overhead	-	11	-	11	-	-	-	-	11
	O/S Svc	-	22	-	22	-	-	-	-	22
	Total	-	46	-	46	-	-	-	-	46
Total	Total	598	5,232	376	6,206	-	562	42	604	6,810

1. The detail amounts are rounded which may cause differences in the totals.

HR Suite Project
2009 Test Year

Expense
(\$ Thousands¹)

<u>Account</u>	<u>Labor/On Cost</u>	<u>Non-Labor</u>	<u>Total</u>
Expense			
920	24	0	24
921	26	0	26
926	205	524	729
Total	255	524	779

1. The detail amounts are rounded which may cause differences in the totals.

<u>Amortization²</u>			
921	0	212	212
Total	0	212	212

2. Based on estimated deferred costs of \$4,043,648 as of November 2008 amortized over 12 yrs.